



# Subcontract Issues Panel

## *Integrating Subcontractor CPR/IPMR*

NDIA – PMSC Meeting  
Sept 10 – 11, 2013

Randy Steeno  
Boeing

# Prime WBS reporting levels

- Prime can summarize the subcontractors CPR/IPMR into one Prime WBS Element
- Prime can summarize the subcontractors CPR/IPMR into two or more Prime WBS Elements
- Prime can integrate the subcontractors CPR/IPMR WBS Elements one-for-one.

*Programs should integrate Subs based on the needs of the program*

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# Cost reports vs Price reports

- Typically Subcontractors provide **Cost** reports
  - Fee/profit not included in the individual PMB values
  - Prime would be responsible for maintaining the Fee/Profit values
- Sometimes **Price** based reports (CPR/IPMR) from the subcontractor can be valuable to the Prime contractor
  - Supplier would add the Fee to the CPR/IPRM PMB values prior to submitting to the Prime
  - For proper traceability the subcontractor needs to also produce a Cost type CPR/IPMS for their surveillance audits

## IPMR Impl.Guide

2.3.1 Formats 1 and 2. .... Alternatively, the Government may consider

performance reporting at the price level (fees included) for Formats 1 and 2

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# G&A and FCOM

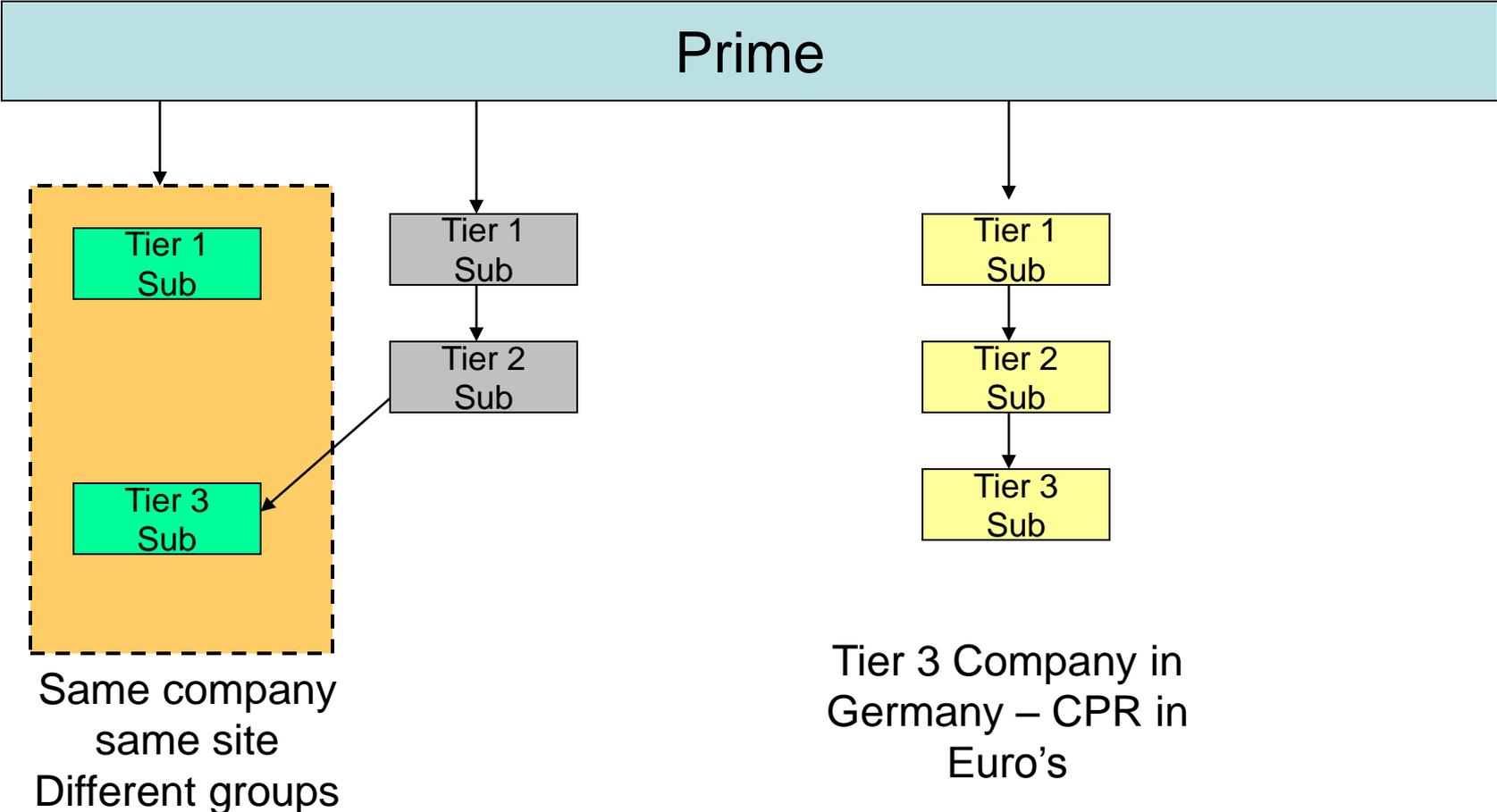
- Generally, subcontractors do provide a separate line for G&A and for FCOM on their CPR/IPMR to the Prime
- There can be situations where the subcontractor prefers to add the G&A and FCOM into the individual subcontractors WBS Elements
- Analysis of 26 CPRs

| F1           |    |     |
|--------------|----|-----|
| FCOM Add     | 8  | 31% |
| FCOM non-Add | 4  | 15% |
| No FCOM      | 14 | 54% |
|              |    |     |
| G&A Add      | 5  | 19% |
| G&A non-add  | 11 | 42% |
| No G&A       | 10 | 38% |

# UB and MR

- Integration of UB and MR can take many forms
    - Integrated into the subcontractors WBS Elements
    - Identified as separate lines on the Primes reports
    - or blended into the Primes UB and MR boxes
      - Must be fenced so Prime can demonstrate traceability requirements
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# Special situations with tiered subs





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## *Subcontractor Flowdown*

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Gregg M Hughes

CH2M HILL Lessons Learned

# EVMS Flow Down to Subcontractors

- Topics
  - Dealing with DFARS flow down
  - Participating in IBR and system acceptance process
  - CAR instruction cluster?
- 3 levels of EVMS flow down.
  - Contracts over \$20 M
  - Contracts under \$20 M but on the critical path ; performing as Work Package Managers
  - Other (International is a different animal)

# EVMS Flow Down to Subcontractors- (cont)

- **Establishing the requirements & rules**
    - Starts in the proposal development phase
    - Contracts must be specific
    - Program WBS (work with subs to define); confirm during IBR with client)
    - Link subcontractors work to separate work packages as much as possible
    - Tie work to SOW (a WBS that closely aligns with the SOW in numbering is a best practice)
    - Fully integrate subcontractors work to IMS
    - Measurement : set milestones early and confirm during IBR
    - EVT should be as discrete as possible – if there is a deliverable it is not LOE
    - Establishing an MOU is not a bad idea but must be captured as a contract requirement
    - Have major and critical subs participate in the IBR; DCMA reviews only as needed (e.g. CAM)
    - Subs are part of the team – treat them as such.
  - **During Execution**
    - Fully integrate the subs schedule with the Program schedule
    - Establish a monthly detailed schedule for completing the IMS and CPR
    - Conduct joint training & DCMA review preparation
  - **DCMA reviews**
    - CARs and DRs- Prime gets the DR even if it's caused by the subs data:
      - ANSI compliance reviews are Prime's responsibility – Plan and budget for 3<sup>rd</sup> Party reviews;
      - Documented surveillance
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Subcontract Issues Pane  
*Perspectives from the Prime*

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# Perspective from the Prime

- Varying accounting months / reporting periods
  - ✓ Getting them aligned for the 12/17 day cycle
- Overriding EACs
- Reviewing VARs/Format 5s
- Change Control Process
  - ✓ Including MR
  - ✓ Timeliness

***Please note the above topics do NOT have a one size fits all answer***



# **Subcontractor Relationship Panel**

## **September 2013**

### ***Sub's Point of View***

# Subcontractor Relationship Prime

- “Cut and Paste” Flow down of RFP
  - e.g. Sub is FFP and prime is Cost type with DFARS clause, and the Sub is now to bid Cost reporting
  - Internal PMs don’t want to take any exceptions to the RFP (“will try to negotiate AFTER we win the contract”) mentality
- “Directed Use of MR”
  - e.g. Where the Primes see the subs’ MR (as opportunity) for them to add scope without providing additional target
- “CPI good news” ...
  - e.g. Where the prime sees the greater than 1 CPI and feels that the Sub can take on more scope (however, sub has little to no BAC MR) ...almost like “Harvesting under runs” and “Use of MR”
- Requirement of “Single Point Adjustment”
  - e.g. The prime is going to undergo a single point adjustment so the subs are mandated to do this as well regardless of need