Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

NDIA-IPMD Meeting
January 27, 2015

Raytheon Missile Systems
Tucson, AZ

NDIA-IPMD Representatives
Mr. Dan Butler (Raytheon)
Ms. Joan Ugljesa (NVG)
*Mr. Dan Lynch (Raytheon) ***
*Mr. Pete Wynne (Lockheed-Martin) ***
Mr. Joe Kusick (Raytheon)

Institute for Defense Analysis
### *December 2, 2014*

* Meeting Attendees

Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Statistics

Total Comments Received: 531

Total Comments Submitted: 247

Comments
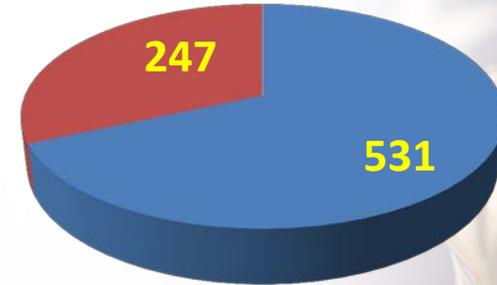
Comments by Guideline
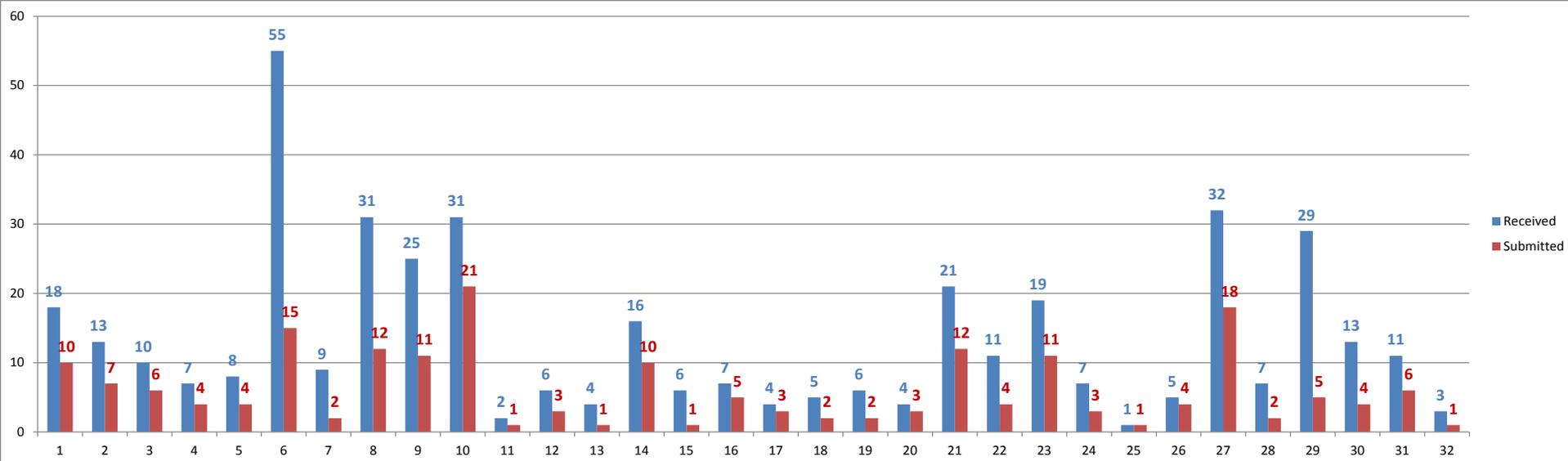
Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Intro/ Glossary	
Received	105
Submitted	53

Introduction Section(s)

- **General clean-up of numbering, fonts etc…**
- **Consistent reference to ANSI 748**
- **Keep references to both CPR and IMS DIDs**
- **Submitted spreadsheet contained further comments (numerous and predominantly minor)**

Glossary

- **Refer to spreadsheet for details**

Global/Key Discussion Points

- Reach Agreement on definition of "freeze period"
- Discuss lack of language on Subcontractor MR "handling"
- Industry (Lynch) to supply several replacement figures (need date?)
- By having any differences to the established 748 GLs, contractors fear a need for multiple System Descriptions to satisfy multiple entities
- Definition of Corrective Action Plan Summary (new work product)
- Material Earned Value (GL 21) addresses scenarios, but by taking that path you'll need to address them all; suggest more general in nature
- ETCs at Work Package Level
- OTB/OTS language consistencies (approval vs notification)

Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Guideline 1 (10)

- 'Design Build Specification' new and unneeded term
- Get closer in line with ANSI 3.2 for definition of WBS (extend to control point or control account)
- Minor - Language, grammar, etc…

Guideline 2 (7)

- Minor - Language, grammar etc...

Guideline 3 (6)

- Revise attribute to provide a better "test" environment

Guideline 4 (4)

- Minor - Language, grammar, etc…

Guideline 5 (4)

- Minor - Language, grammar etc...
- Lynch to supply new Figure D

Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Guideline 6 (15)

- **Delete Figure F**
- **Delete Intent bullet 'maturity of the program'**
- **Replace Attribute 1 with NDIA Attribute 2**
- **Add WADs to work products**
- **Delete Corrective Action Plan Summary from work products**
- **Minor – language, grammar etc…**

Guideline 7 (2)

- **Attribute "Objective completion criteria <u>aligned</u> with accomplishment of the program's <u>technical requirements</u> and goals are determined in advance."**
  - Fear that this is added scope to companies' System Descriptions due to the ANSI being consciously silent on "technical requirements"
    - Concern also regarding CAMs and DCMA not being trained in this area
    - "Aligned" is a subjective term

Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Guideline 8 (12)

- **OTB/OTS notification vs approval inconsistently used; requires alignment with GL31; industry suggests deferring to ANSI 748**
- **Lynch to provide new Figure G**
- **Delete Figure H (no value/missing SLPPs)**
- **Minor – Language, grammar etc…**

Guideline 9 (11)

- **Revise supporting text to Figure I**
- **Minor – Language, grammar etc…**

Guideline 10 (21)

- **Attribute 3, delete "Fully-integrated work packages supporting intra- and inter-control account relationships."**
  - Horizontal integration is already addressed under GL 6
- **Minor – Language, grammar etc…**

Guideline 11 (1)

- **One language change!!**

Guideline 12 (3)

- **Minor – Language, grammar etc…**

Guideline 13 (1)

- **One edit!**

Guideline 14 (10)

- **AUW language needs work (too wordy?)**
- **Simplify MR usage statement**

Guideline 15 (1)

- **Lynch to supply new Figure K**

Guideline 16 (5)

- **Estimated actuals revised language**
- **Delete "credits" as a term; defer to CAS disclosure statement**
- **Minor – Language, grammar etc…**

Guideline 17 (3)

- **Minor – Language, grammar etc…**

Guideline 18 (2)

- **Revise attribute for clarity**
  - "Direct cost shall summarize from the lowest defined level through the OBS hierarchy (including control accounts)."
- **Change Corporate Organization Chart to Program Organization Chart**
  - Consistent with GL2

Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Guideline 19 (2)

- **Redundant sentences**
- **Revise last sentence in GL Intent to:**
  - "If incurred indirect costs vary significantly, periodic adjustments should be made to prevent the need for a significant year-end adjustment."

Guideline 20 (3)

- **Remove reference to recurring & NRE in attributes (non-EVM data)**
- **Minor – Language, grammar etc…**

Guideline 21 (12)

- **Intent: This guidance exceeds the ANSI and may be considered prescriptive. DOD has decided to deviate from a what needs to be documented in a EVMS to be compliant, to a how to policy. Once you start down that path, you need to cover all possible contractual situations. Some that may be missing are Long Lead parts. Another would be programs that are in the O&M or O&S phase (CLS and PBL) contracts where three levels of Depot material must be planned, purchased and maintained.**
- **Significant content (language) change for EACs**
- **Use the following from ANSI: "The generally acceptable points for measuring material progress are: (1) point of receipt; (2) point of stock; and (3) point of issue to work in process**
- **Remove all content that discusses "payment" as a means to take BCWP!**

Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Guideline 22 (4)

- **Revise Attribute 1 to:**
  - "Variances are calculated at the control account level (at a minimum), which includes schedule variances, cost variances, and variances at completion."
- **Minor – Language, grammar etc…**

Guideline 23 (11)

- <u>**Significant**</u> **language revisions (refer to spreadsheet)**
- **Revise rate/usage to:**
  - Labor Rate Variance Calculation = Actual Hours x (Budget Rate – Actual Rate)
  - Efficiency Variance Calculation = Budgeted Rate x (Earned Hours – Actual hours)
- **Remove variance analysis "by element of cost"; ripe for misinterpretation (we understand the rules of variance analysis)**

Guideline 24 (3)

- **Minor – Language, grammar etc…**

Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Guideline 25 (1)
- **Revise Guideline Title**

Guideline 26 (4)
- **EAC language revision**
- **Let's talk "Corrective Action Plan Summaries"??**

Guideline 27 (18)
- **Revise Intent 2nd sentence to:**
  - ETCs developed at "at a WBS level no higher than the control account…"
- **Reword Attribute 1 to:**
  - "Comprehensive EAC is developed at a minimum annually, to include evaluation of remaining program scope, taking into account the past performance, material commitments, risks/opportunities, and resource considerations by element of cost at the lowest level (control account or below) where actuals are compared to performance."
- **Remove 6th bullet of Intent (Facilities…)**
- **Simplify Attribute 3 to:**
  - "…the most current information shall be used in preparing indirect rates, including historic experience, contemplated management improvements, projected economic escalation, and anticipated business volume…"
- **Delete Work Product "Indirect Cost Variance Report"**
- **Delete all language around "Internal EACs"**
- **Minor – Language, grammar etc…**

Guideline 28 (2)
- **Minor – Language, grammar etc…**

Guideline 29 (5)

- **Freeze Period**
- **Attribute; delete "the most current indirect rates are incorporated in the PMB.**
  - Enforcement would be costly. Should be the contractor's choice to implement.

Guideline 30 (4)

- **Use ANSI language**
- **Minor – Language, grammar etc…**

Guideline 31 (6)

- **OTB Language; agree on and apply language from GL8**
- **Add following to Intent Section (better supports attribute)**
  - The CBB increases or decreases only as a result of changes authorized by the contracting officer. For definitized changes, the CBB increases/decreases by the amount negotiated for those changes. For authorized work which has not been negotiated, the CBB increases / decreases by the amount of cost estimated by the contractor for that effort. After negotiations, the CBB is adjusted to reflect any change resulting from the negotiations. The CBB, therefore, is a dynamic amount, changing as the authorized work under the contract changes; but it is a controlled amount, since it cannot be changed by the contractor except as a result of contracting officer actions.

Guideline 32 (1)

- **Simplify Intent statement**