

# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

NDIA-IPMD Representatives

Mr. Dan Bellovary

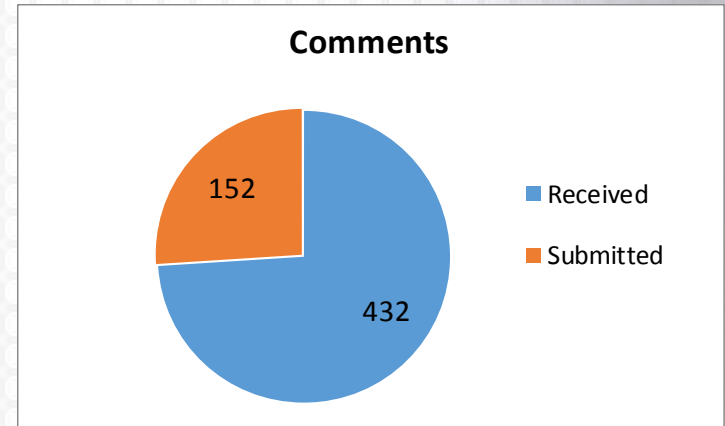
Team Members: Dan Butler, Mary Ann Hale,  
Gary Humphreys, Joe Kusick, Cathy McCain,  
Randy Steeno, Joan Ugljesa and Yancy Qualls

*April 26, 2017*

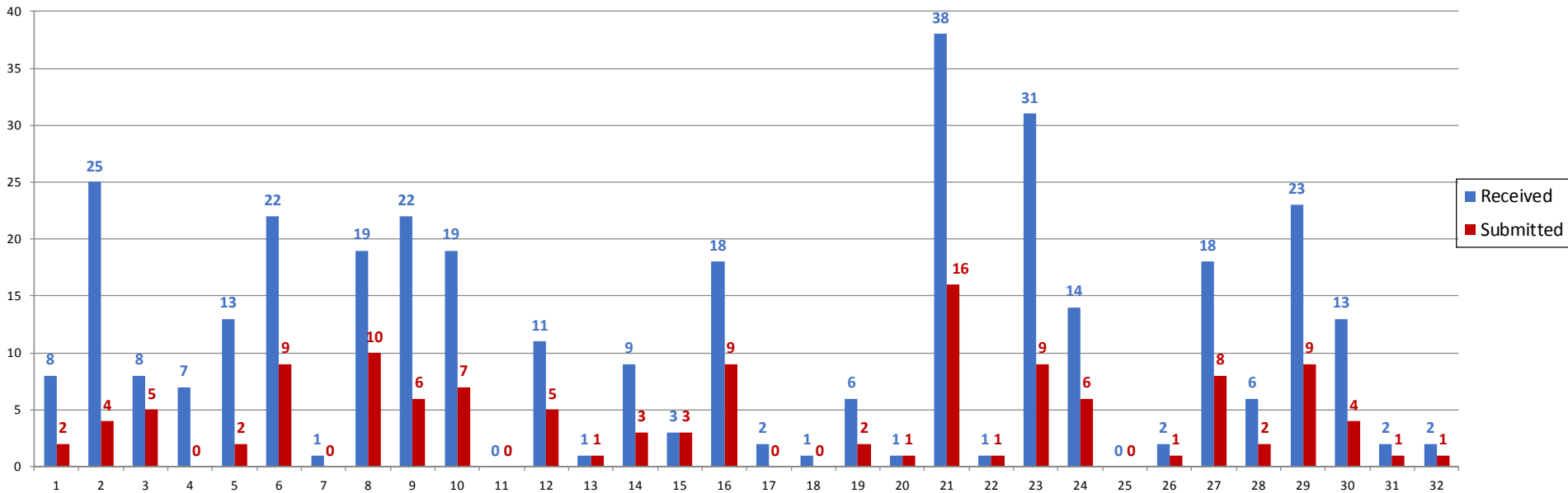
# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

## Statistics

**Total Comments Received: 432**  
**Total Comments Submitted: 152 (35%)**



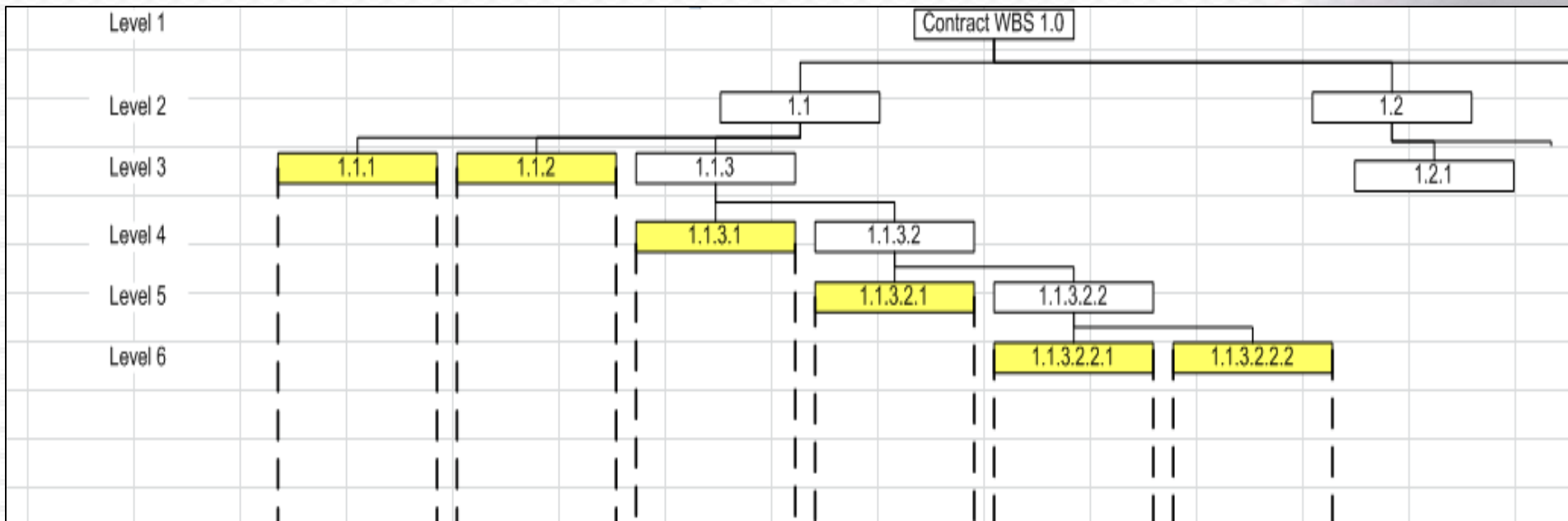
## Comments by Guideline



## Global/Key Discussion Points

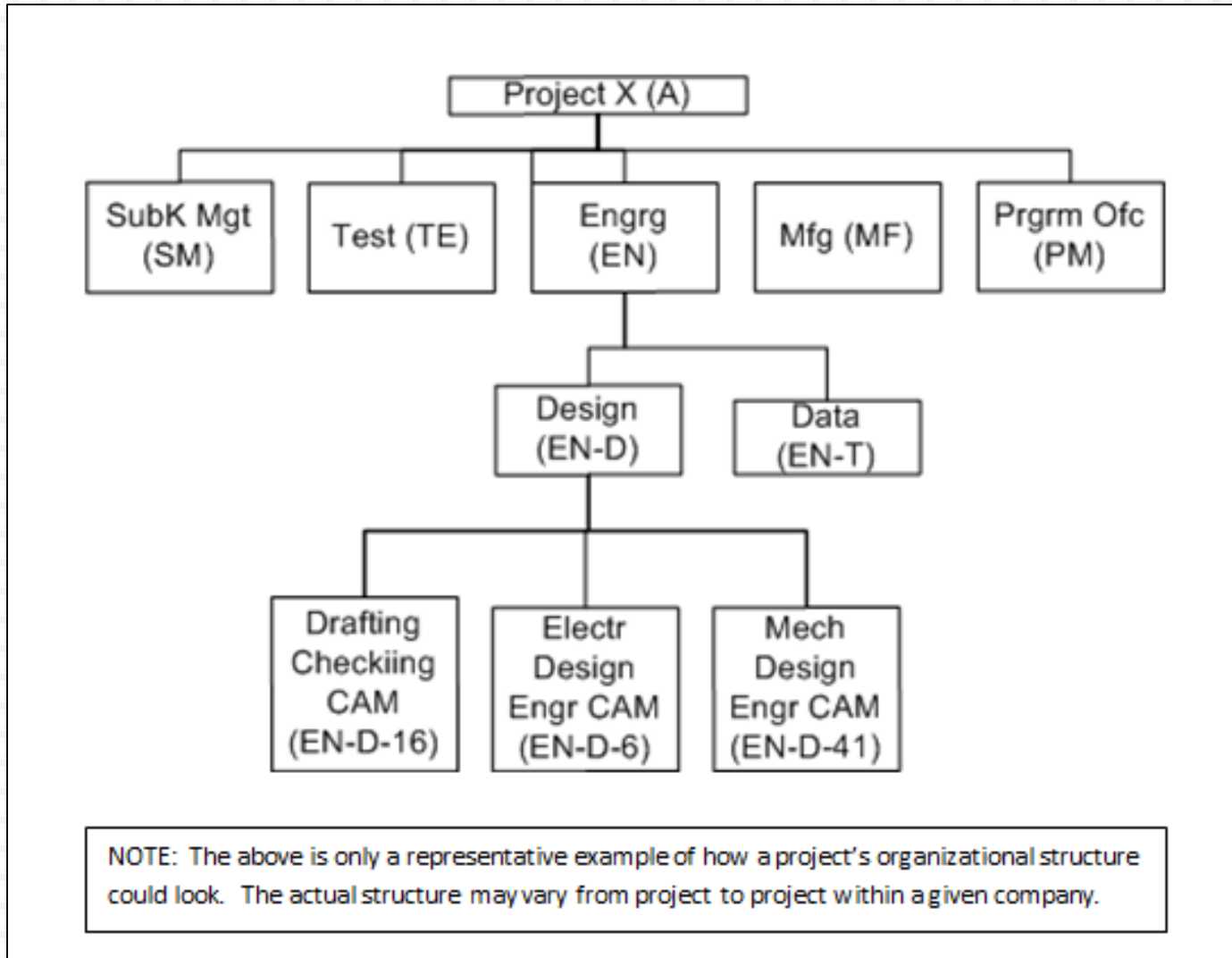
- **Organizational Structure vs Organizational Breakdown Structure (OBS)**
- **Estimated ACWP instead of Estimated Actuals**
- **Guideline 21 with how material is claimed (LOE) & the use of PERT Cost formula**
- **Changes to figures in Guidelines 1, 2, 5, 6, 8 and 15 (next 6 slides)**

# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG



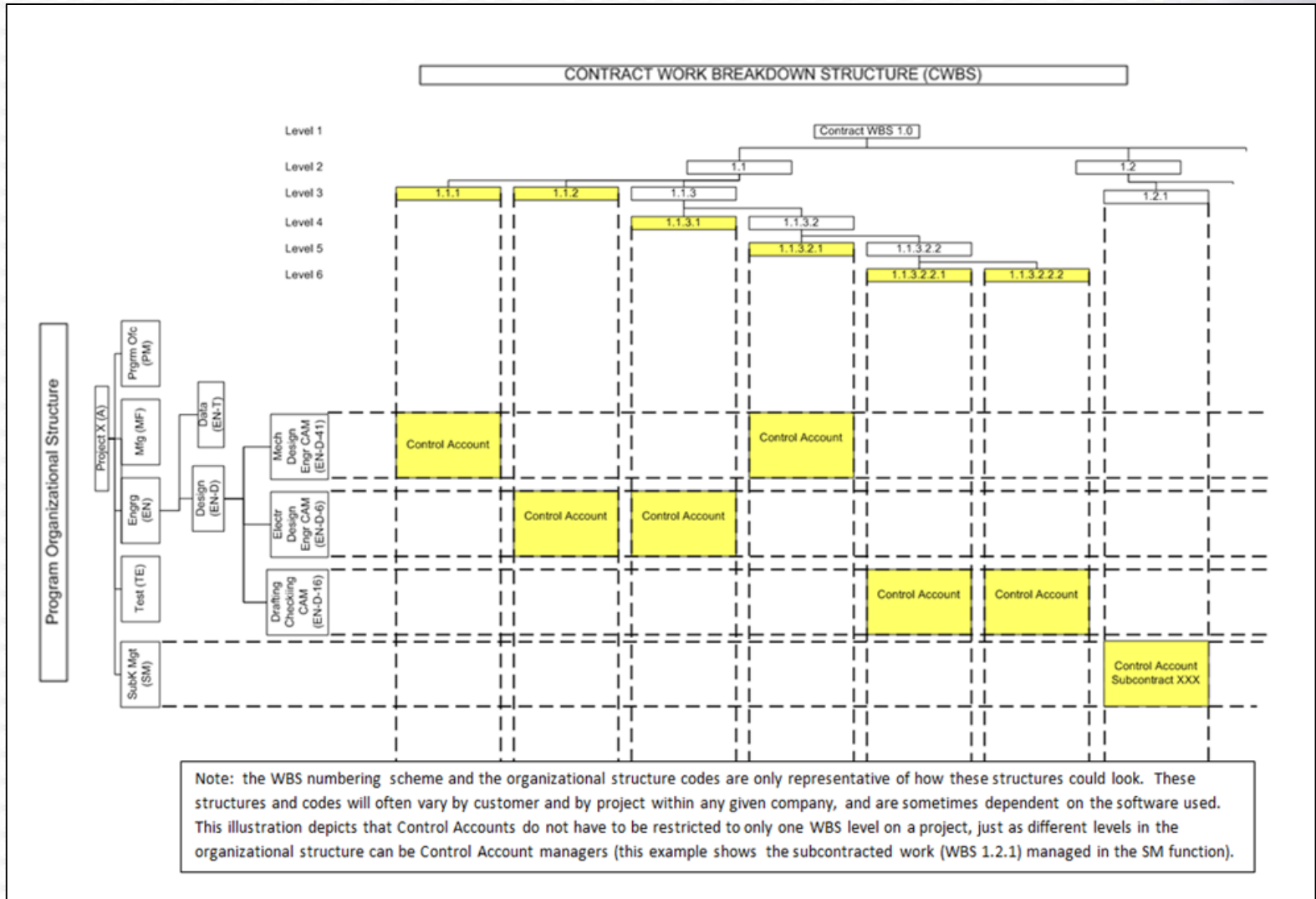
**G/L 1: Figure 2**

# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG



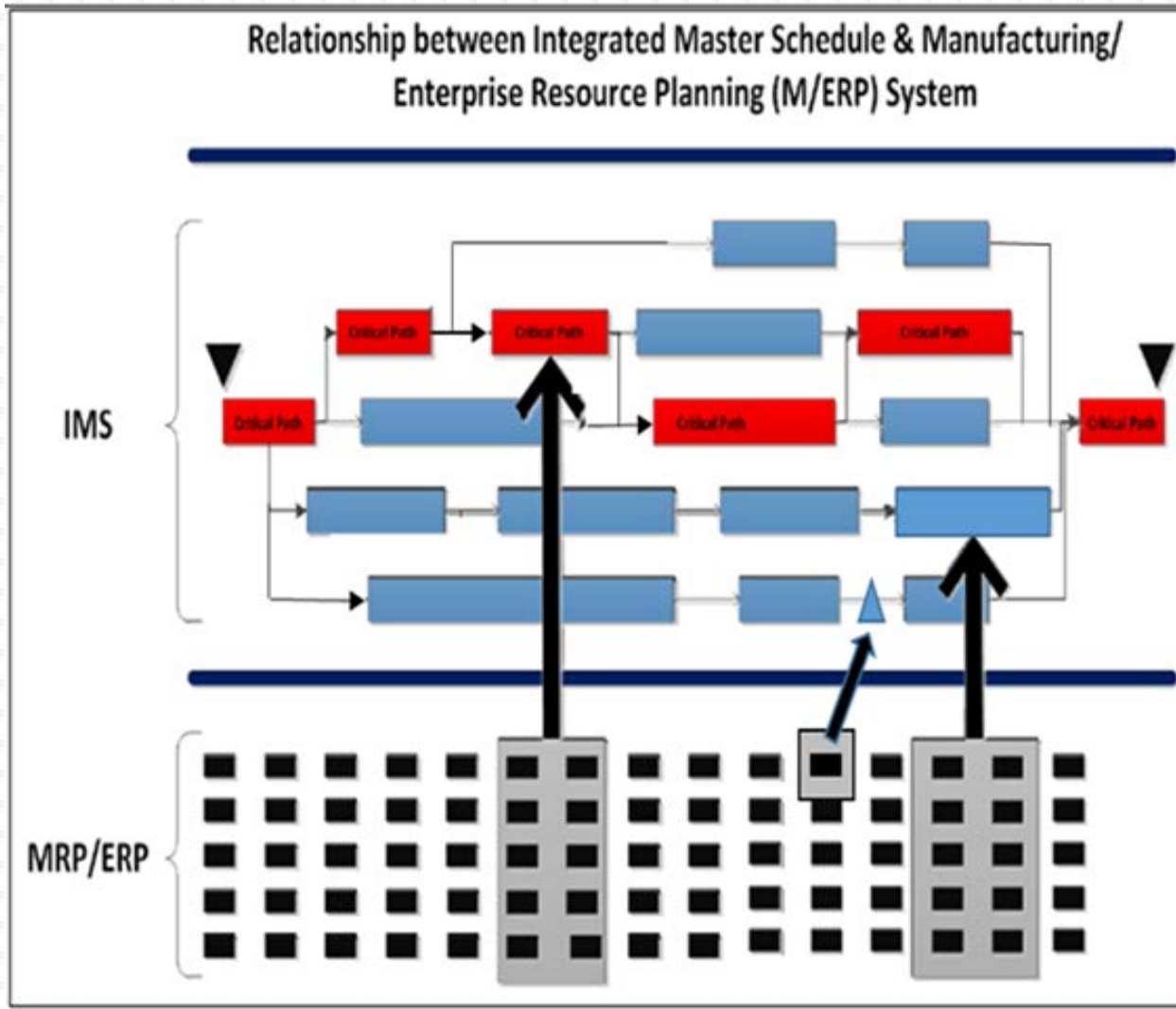
**G/L 2: Figure 3**

# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG



G/L 5: Figure 4

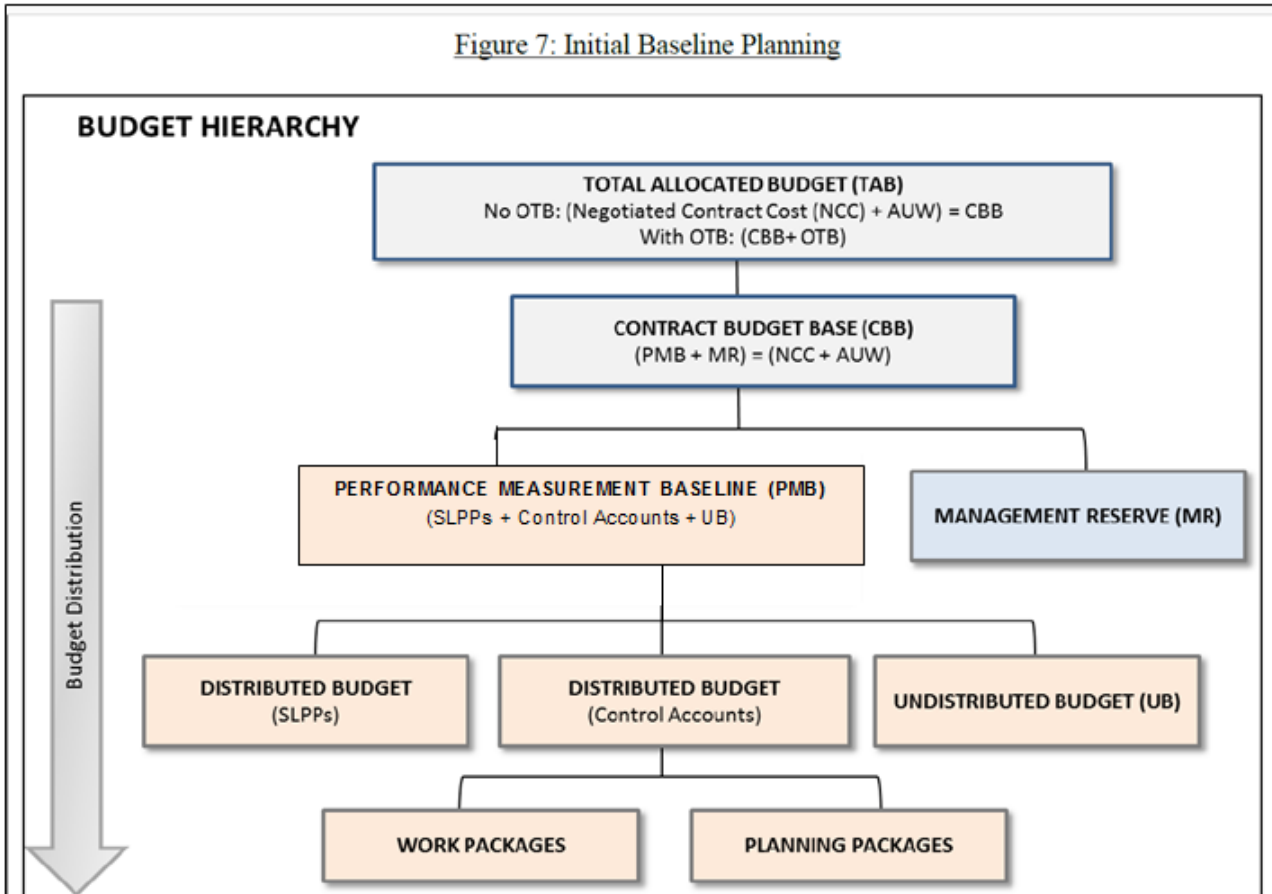
# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG



**G/L 6: Figure 6**

# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Figure 7: Initial Baseline Planning



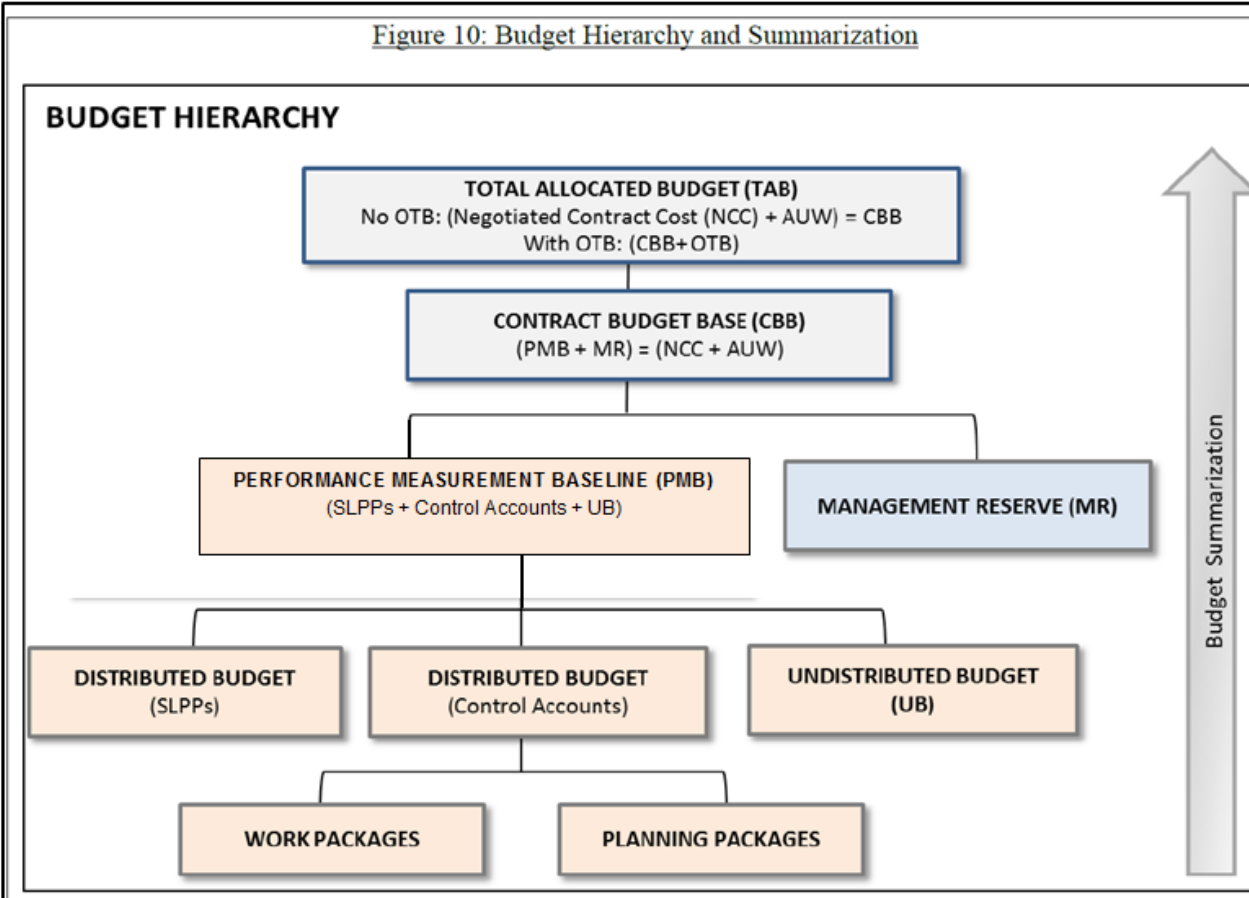
Note: AUW is part of the PMB, i.e., some of the budget may be distributed into control accounts with the any portion not distributed to CAs or SLPPs being held in UB for future planning. Once negotiation is complete, and the negotiated value becomes part of the contract value, it may be necessary to modify existing UB and/or distributed budget amounts to account for negotiation differences.

## G/L 8 Figure 7



# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

Figure 10: Budget Hierarchy and Summarization



Note: AUW is part of the PMB, i.e., some of the budget may be distributed into control accounts with the any portion not distributed to CAs or SLPPs being held in UB for future planning. Once negotiation is complete, and the negotiated value becomes part of the contract value, it may be necessary to modify existing UB and/ or distributed budget amounts to account for negotiation differences.

## G/L 15 Figure 10

# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

## Guideline 1: Define the WBS (Org) - (2 submittals)

- Changing that CSDR may require a different product oriented reporting structure than the WBS and to specify that reporting levels may be different in the IPMR, IMS, IMP, CCDR, etc., the WBS should be the same at the level for which it is reported.
- Update figure 2 to represent control accounts at different levels of the WBS

## Guideline 2: Define the OBS (Org) - (4 submittals)

- Organizational Structure vs OBS
- Update figure 3

## Guideline 3: Integrate Subsidiary Mgmt Processes (Org) - (5 submittals)

- Add Work Authorization documents to the Work Products listing

## Guideline 4: Identify Overhead Mgmt (Org) - (0 submittals)

- No updates!

## Guideline 5: Integrate WBS/OBS to Create Control Accounts (Org) - (4 submittals)

- Add Subcontractors to the OBS
- Update Figure 4 to use same structure as Figures 1 & 2 for consistency

## Guideline 6: Scheduling Work (PSB) - (6 submittals)

- Schedule Margin is an optional technique (consistent with PASEG)
- Add SOW and IMS Data Dictionary to Work Products
- Slight change to figure 6
- Add Work Authorization documents to work products
- Minor – language, grammar etc...

## Guideline 7: Identify Products & Milestones for Progress Assessment (PSB) - (0 submittals)

- No updates!

## Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

### Guideline 8: Establish the PMB (PSB) - (10 submittals)

- Add modified BOE to the Work Products
- Detail planning (rolling wave) to the extent of your System Description
- Update Figure 7
- Figure 8 – Replace ‘past budget’ with “BCWScum”
- Minor – Language, grammar etc...

### Guideline 9: Authorize & Budget by Cost Elements (PSB) - (6 submittals)

- Rates can also be G&A rates applied to Subcontractor, Material and/or ODC
- Current rates, adding (FPRP or FPRA), de-scoping is with the same rates.
- Add WBS Dictionary and SOW to Work Products
- Minor – Language, grammar etc...

### Guideline 10: Determine Discrete Work & Objective Measures (PSB) - 7 submittals)

- Contractor’s System Description should have processes to convert SLPPs to control accounts and control account planning packages (freeze period considerations)
- Minor – Language, grammar etc...

## Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

### Guideline 11: Sum WP/PP Budget to Control Account Budget (PSB) - (0 submittals)

- No updates!

### Guideline 12: LOE Planning & Control (PSB) - (5 submittals)

- LOE for low cost material items definition
- Add 'apportioned effort' as one of the three EV categories

### Guideline 13: Establish Overhead Budgets (PSB) - (1 submittal)

- Change wording, "The Program indirect cost budgets are planned in conjunction with the direct budgets...."

### Guideline 14: Identify MR & UB (PSB) - (3 submittals)

- Updated sentences for MR, Work Order, UB
- Restate MR is not a fund

## Guideline 15: Reconcile to Target Costs (PSB) - (3 submittals)

- Updated Figure 10 like Figure 7
- Change 'Contract Target Cost' to "Negotiated Contract Cost"
- Attribute bullets:
  - Bullet 1: "The sum of the control account budgets, SLPP budgets, UB, and MR equal the CBB, which is also equal to the sum of the NCC plus the estimated cost of AUW."
  - Bullet 2: "When an OTB is in effect, the TAB exceeds the CBB by the amount of the approved OTB budget."
  - Added Bullet 3: Likewise, when an OTB is in effect the TAB also will exceed the sum of the (NCC + the estimated cost of AUW) by the amount of the approved OTB budget."

## Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

### Guideline 16: Record Direct Costs (Accounting) - (9 submittals)

- Estimated ACWP instead of Estimated Actuals (accounting term)
- Opening and closing closed accounts (100% complete but still ACWP)
- Remove 'negative' and replace 'adjustments to estimated ACWP...'
- Attributes - "ACWP must be recorded in the same accounting period that BCWP is earned."
- Work Products – Include a general ledger as an Estimated ACWP log/file, as applicable
- Minor – Language, grammar etc...

### Guideline 17: Summarize Direct Costs by WBS Elements (Accounting - (0 submittals)

- No updates!

### Guideline 18: Summarize Direct Costs by OBS Elements (Accounting) - (0 submittals)

- No updates!

## Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

### Guideline 19: Record/Allocate Indirect Costs (Accounting) - (2 submittals)

- Delete 'significant'
- Attributes – Change 3<sup>rd</sup> bullet: "Indirect costs in the EVM System must reconcile with the incurred Cost Reports and/or General Ledger."

### Guideline 20: Identify Unit & Lot Costs (Accounting) - (1 submittal)

- Change 'cost growth' to 'cost overrun'

### Guideline 21: Track & Report Material Cost/Quantities (Accounting) - (16 submittals)

- All 'critical/high cost' material should be discretely planned
- Borrow/payback transactions affecting BCWP/estimated ACWP
- No mention of LOE for material; add reference, 'low value material can be planned as apportioned or LOE (LOE is not preferred though)'
- Standardize throughout 'business system' to 'accounting system'
- Rewording of the contractor delaying direct cost, material commitments (CFSRs)
- Rewording of transferring direct cost from the accounting period to the EVMS for allocation of the direct cost
- Minor – Language, grammar etc...



## Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

### Guideline 22: Calculate SV & CV (AMR) - (1 submittal)

- Change intent sentence to, “BCWP is the primary data element for which Budgeted Cost for Work Scheduled (BCWS) and Actual Cost of Work Performed (ACWP) are compared to determine schedule and cost performance status, respectively.”

### Guideline 23: Analyze Significant Variances (AMR) - (9 submittals)

- Change ‘volume’ to ‘efficiency’
- Change ‘budget rate’ to ‘earned rate’
- Minor – language, grammar etc...

### Guideline 24: Analyze Indirect Cost Variance (AMR) - (6 submittals)

- Rewording of sentences, “When indirect cost performance deviates from indirect cost plans, decisions concerning allocations adjustments and rate forecasts must be made.”
- Minor – Language, grammar etc...

### Guideline 25: Summarize Performance Data & Variance for Management Reporting (AMR) - (0 submittals)

- No updates!

## Guideline 26: Implement Corrective Actions (AMR) - (1 submittal)

- Work Products - add Variance Analysis Reports

## Guideline 27: Maintain Estimate at Completion (AMR) - (8 submittal)

- “efficiency” variance instead of ‘volume’ variance
- Include Estimated Completion Date (ECD) for CAMs to review
- Minor – Language, grammar etc...

## Guideline 28: Incorporate Changes in a Timely Manner (RDM) - (2 submittals)

- Intent - Add clarification to work that will no longer be executed, (e.g. stop work / suspend work / delete work action) may be put into UB.
- Work Products – Add ‘Authorized Unpriced Work (AUW) letter or other transmittal instrument’
- Work Products – Add ‘WBS Dictionary’

## Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

### Guideline 29: Maintain Baseline & Reconcile Budgets (RDM) - (9 submittals)

- Freeze Period situations (e.g. accounting adjustments, contract actions, rate changes, economic price adjustments, customer-direction, errors, risk mitigation tasks, emerging work)
- Replan LOE budget for future periods
- LOE must have sound underlying rationale and be time phased
- Use 'business' rhythm instead of 'battle' rhythm
- Minor – Language, rewording, grammar etc...

### Guideline 30: Control Retroactive Changes (RDM) - (4 submittals)

- Add a word of caution to Intent about any retroactive changes made in the past invalidates prior delivered CPRs/IPMRs and should be coordinated with the customer prior to implementing the change.
- Another word of caution in setting  $BCWS=BCWP=ACWP$  may result in less budget if in an overrun condition. Setting  $BCWS = BCWP$  is the preferred way.
- Retroactive changes due to rate changes are only made to the ACWP.

## Guideline 31: Prevent Unauthorized Revisions (RDM) - (1 submittal)

- Include “Authorized Unpriced Work (AUW)” to the Intent, Attributes & Work Products

## Guideline 32: Document PMB Changes (RDM) - (1 submittal)

- Address other changes to the PMB such as AUW, OTB, Stop Work and Delete Work actions

# Industry Briefing of Comments and Recommendations for DoD IPM EVMS IG

|             | Foreword/Intro/<br>Multi-Guidelines/<br>Def & Acronyms/<br>Other sections |
|-------------|---|
| Received    | 86  |
| Adjudicated | 25  |

## Acronyms & Definitions

- **Need a Technical Writer/Editor for final review**
- **Definitions - Change to “Earned Rate” & “Earned Quantity”**
- **Use spreadsheet for further comments (numerous and predominantly minor)**