

# NDIA Integrated Program Management Division

*Clearinghouse Working Group*

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Unrestricted Content

## Original Words/ Meaning

8.a. Does the Performance Measurement Baseline (PMB) consist of the following:"

- 1) Time-phased control account budgets?
- 2) Higher level WBS element budgets (where budgets are not yet broken down into control account budgets) also known as a Summary Level Planning Package?
- 3) Undistributed budgets, if any?
- 4) Indirect budgets, if not included in the above?

## Wording Changed to

8.a. Is the PMB (UB+CAs+SLPPs) a time-phased budget plan against which actual performance is assessed?

## General Concerns About Changes

### Concern

Combined OLD first 4 subquestions into this first one (a), calling the PMB (UB+CAs+SLPPs), BUT leaves out indirect budgets that are not included in CA plans. This could be a serious shortfall in PMB if OH not assigned to CAMs/ CA. Indirect Costs are commonly in excess of 50% of program costs.

### Proposed Fix/ Importance

Ensure this combined wording accounts for Indirect cost budgets as part of the PMB to ensure a significant part of the PMB is not omitted.

## General Concerns About Changes

- **DCMA CRC Changes**
  - **GL10 Removed:** Are high value production and/or critical materials planned discretely using objective milestones or other rational basis for measuring the amount of material consumed?
    - Suggestion: Reinstate requirement for guidance on planning high value/ production and/ or critical materials to ensure measurement of materials being used.
  - **GL10 Added:** Does the SD prohibit the commingling of LOE and discrete effort within a work package?

## General Concerns About Changes

### Original Words/ Meaning

21. c. Is cost performance measurement at the point in time most suitable for the category of material involved, but no earlier than the time of actual receipt of material?

### Wording Changed to

21. c. Does the contractor address material planning and performance measurement at the suitable point of performance based upon when the material is needed to meet engineering or manufacturing need-by dates; material performance is claimed consistently with how material budgets are planned but no earlier than the actual receipt of material items and no later than point of consumption?

### Concern

This adds at the end, "no later than point of consumption." DOES THIS MEAN YOU CAN NO LONGER CLAIM AT DD250?

### Proposed Fix/ Importance

Prior requirements for material was (as appropriate) any time after physical receipt of material. This takes the later points away.

## General Concerns About Changes

- DCMA CRC Changes
  - GL21 Added 4 sub-questions: extremely detailed for process manual
    - (e) Material in production
    - (f) Wants analysis process to determine High Value/ Critical material;
    - (g) specifies performing frequent EACs for material using PERT
    - (h) now provides a tutorial on EV points for material
    - (i) addresses price and quantity considerations for LOE material
    - (j) Specifies use of “estimated actuals” for material

## General Concerns About Changes

- **DCMA CRC Changes**
  - GL8: Removed: emphasis to constrain the application of future budgets to near term work
    - Suggestion: Reinstate requirement to ensure future budgets in Control accounts are tied to specific scope of work so that budget in future periods cannot be used to do current work – leaving insufficient budget for the remaining tasks.

## General Concerns About Changes

### Original Words/ Meaning

16. d. Are control accounts opened and closed based on the start and completion of work contained therein?

### Wording Changed to

[Deleted]

### Concern

Deleting this requirement makes it appear it is OK to start or stop work without any discipline, regardless of whether or not work has started or has stopped.

### Proposed Fix/ Importance

This is a key element of Performance Measurement – ensuring work is started and stopped in accordance with the schedule and with the physical starting or stopping of the work itself.



- DCMA CRC Changes
  - GL28 (d.) Changed:
    - FROM: **If current budgets for authorized changes do not sum to the negotiated cost for the changes**, does the Contractor compensate for the differences by revising the undistributed budgets, management reserve, budgets established for work not yet started, or by a combination of these?
    - TO: Does the contractor's process require UB be distributed or removed from CAs or SLPPs as soon as practicable?
    - Revised wording removed original 28.d. concept:
      - there is no check on how AUW budgets are changed following negotiations;
      - new 28.d. makes it sound as though it is OK to have UB in Control Accounts or in SLPPs
    - Suggestion: reinstate original wording

## General Concerns About Changes

- **DCMA CRC Changes**
  - **GL22 (b.) Removed:** Does the Contractor's system include procedures for measuring the performance of critical subcontractors?
    - Implies it is no longer important to measure performance of critical subcontractors
    - Suggestion: Reinstate the words to have procedures to measure the performance of critical subcontractors.
  - **GL27 Added (d) EACs at CA – potential conflict with (e)**
    - (d) Are EACs done (at a minimum) at the CA level?
    - (e) Are ETCs developed at the WP, ...

# General Concerns About Changes in Indirect Guidance

## Original Words/ Meaning

- 4. c. Is there an indirect budgeting and forecasting process?
  
- 13. e. Are indirect budgets established at the appropriate organizational level by element of cost?
  
- 19. b. Are indirect costs accumulated for comparison with the corresponding budgets?
  
- c. Are indirect costs charged to the appropriate indirect pools and incurring organization?
  
- d. Are the bases and rates for allocating costs from each indirect pool consistently applied?
  
- e. Are the bases and rates for allocating costs from each indirect pool to commercial work consistent with those used to allocate such costs to Government contracts?
  
- g. Are the procedures for identifying indirect costs to incurring organizations, indirect cost pools, and allocating the costs from the pools to the contracts formally documented?

## General Concerns About Changes in Indirect Guidance

24. b. Does the Contractor's cost control system provide for capability to identify the existence and root cause of cost variances resulting from:

1) Incurrence of actual indirect costs in excess of budgets by element of expense?

2) Changes in the direct base to which overhead costs are allocated?

c. Are management corrective actions taken to reduce indirect costs when there are significant adverse variances?

d. Are the results of indirect variance analysis provided to the appropriate level of management (functional and/or program) for use in evaluating cost variances and EACs?

### Wording Changed to

**[All these sub-questions on indirect costs have been Deleted. Some may have been obscurely incorporated in other new questions, but most have not.]**

### Concern

**De-emphasizes checking on indirect costs – typically over 50% of a program's cost.**

### Proposed Fix/ Importance

**Over 50% of the program's costs may get ignored, or at least not rigorously checked.**

# General Concerns About Changes

- **DCMA CRC Changes**
  - GL6 Added: 3 requirements noted as ‘best practices’ within PASEG
    - e. Is there a repeatable process in place that supports development of a program Critical Path?
    - f. If used, does the SD have a process defining the use, identification, and control of Schedule Visibility Tasks as non-PMB activities?
    - g. If used, does the SD have a process defining the use, identification, and control of Schedule Margin and traceability requirements to a Risk register?
  - Suggestion: Prescriptive for process manual, remove – emphasis should remain on vertical and horizontal integration and the ability to produce a valid critical path.

# DCMA Metrics

- **New Compliance Metrics**
  - 06I101a - Are schedule margin tasks statused correctly?
    - Test: Margin finish date must align to baseline date
    - EVMSIG: Margin .... must be traceable to the risk register and consistently identifiable
  - Implication: even is schedule margin is modeling a risk which has not been mitigated and still exists, the margin must be removed from the schedule if preceding tasks are late.
    - DCMA adding interpretation beyond EVMSIG
    - Removes ability use margin as PM tool to plan for potential impact of risk.

## DCMA Metrics

- **New Compliance Metrics**
  - 06I201a - Are SVTs identified and controlled in the IMS?
    - Test: SVT tasks must be identified as “SVT” in IMS
    - EVMISIG: SVTs must represent non-PMB activities that could impact network and must be identified.
  - 10A109b - Does each WP/PP have an assigned budget?
    - 10A109a same test with  $ACWP_{cum} < \$100$  WPs eliminated
    - Removes  $ACWP_{cum} < \$100$  filter

# DCMA Metrics

- **New Compliance Metrics**

- 12A401a - Does the contactor proactively manage LOE WPs to avoid inaccurate performance?
  - Test flags WPs w/ $BCWP_{cur} > 0$  where  $ACWP_{cur} = 0$  for 2 periods
  - EVMSIG:
    - Baseline start & finish dates **MUST** be proactively managed to ensure variances do not result from failure to maintain plan
    - LOE budgets in current period **MAY** be replanned provided no actual costs have been previously incurred
    - If costs have been incurred, LOE **MAY** be replanned in future periods to reflect expected completion dates



# DCMA Metrics

- **New Compliance Metrics**
  - 27A104b - Are ETCs generated for completed WPs?
    - Tests for ETC on WPs where  $BCWP=BAC$

# DCMA Metrics

- **New Compliance Metrics**

- 29A601a - Is all effort detail planned within the current rolling wave?
  - Test: Requests the contractor provide rationale and justification for the development of the rolling wave process. Ensure that the rationale and justification addresses:
    - How does was the process developed based on the size and complexity of the program?
    - How do you ensure adequate forward planning is maintained for performance measurement and critical path development?
    - How is the process controlled to maintain baseline integrity?
    - If the rationale provided for the development of the rolling wave process **does not adequately** address the above questions, then the metric fails: otherwise proceed to Step 3.
  - Test (Step 3): Is PP/SLPP baseline start within the rolling wave period

# BACKUP: CRC Update Comments

# General Concerns About Changes

## Original Words/ Meaning

1.a. Is a single product-oriented WBS extended to the level necessary for management action and represented by a hierarchical breakdown of program requirements?

## Wording Changed to

1.a. Does the process provide for developing a WBS through a systems engineering process that results in a single product-oriented WBS extended to the level necessary for internal management control and represented by a hierarchical breakdown of program requirements?

## Concern

Implies that if a contractor's action resulted in a very good, single, product-oriented WBS, but a "systems engineering process" was NOT followed, it is still a fail! Why was this "systems engineering process" wording added? Who defines a "systems engineering process"?

## Proposed Fix/ Importance

The original wording got it across. You can get a single, product-oriented WBS by following MIL-STD-881.

## General Concerns About Changes

### Original Words/ Meaning

25. d. Are procedures for variance analysis documented and consistently applied at the control account level and selected WBS and OBS levels at least monthly as a routine task?

### Wording Changed to

[Deleted]

### Concern

Deleted the requirement to document and apply Variance Analysis Reporting (VAR) requirement at Control Account level.

### Proposed Fix/ Importance

Reinstate this sub-question. Without it the customer could interpret this area to require VARs at any low level they might choose. [See 23.a. below]

## General Concerns About Changes

### Original Words/ Meaning

7.c. Are current work performance indicators and goals relatable to original goals as modified by contractual changes, replanning, and reprogramming actions?

### Wording Changed to

[Deleted]

### Concern

Guidelines no longer require the contractor to maintain traceability to Original Goals as modified by contract changes, etc. This implies the baseline is no longer important if contractors no longer have to reflect changes in the logs and other documentation.

### Proposed Fix/ Importance

This is important from a scope, schedule, and budget standpoint to make sure the correct work is being done, the schedule for accomplishing the work is valid, and the contractors are working toward their target budgets.

Original wording should be reinstated.

## General Concerns About Changes

### Original Words/ Meaning

23. a. Does the Contractor have variance analysis procedures and a demonstrated capability for identifying (at the control account and other appropriate levels) cost and schedule variances resulting from the system which:

- 1) Identify and isolate causes of favorable and unfavorable cost and schedule variances?
- 2) Evaluate the performance of operating organizations?
- 3) Identify potential or actual overruns and underruns?
- 4) Identify and explain root causes of the variance?
- 6) Identify potential or actual budget-based and time-based schedule variances?
- 7) Evaluate the cause and impact of schedule changes and work-arounds in sufficient detail needed for program management?

## General Concerns About Changes

### Wording Changed to

- a. Does the contractor have variance analysis procedures and a demonstrated capability for identifying on at least a monthly basis (at the control account and summary levels) cost and schedule variances reported from the system?

### Concern

Specifies analysis is done at the CA level (see 25.d. above), BUT deleted sub elements 1) through 4), 6), and 7). This gives no indication of variance analysis expectations

### Proposed Fix/ Importance

Reinstate this sub-question. Without it the non-specific customer expectation could result in loosened discipline in performing variance analysis, possibly resulting in degraded VARs and poor variance information going to management.



## General Concerns About Changes

### Original Words/ Meaning

26. a. Is earned value information disseminated to the contractor's management on a timely, accurate, and usable basis (at least monthly)?

b. Is earned value information being used by managers in an effective manner to ascertain program or functional status, to identify reasons of significant variances, and to initiate appropriate corrective action?

### Wording Changed to

[Deleted]

## General Concerns About Changes

### Concern

If the information is no longer required to be provided to, and used by, management, how will corrective actions be determined, tracked, and resolved? (as required in the NEW 26.a., and b.)

### Proposed Fix/ Importance

EV data is supposed to be provided to and used by management to make informed decisions. If they are not getting the information, this becomes pretty difficult.

## Specific Concerns About Changes

### Original Words/ Meaning

8.d. Does the Contractor require sufficient detailed planning of control accounts to constrain the application of budget initially allocated for future effort to current effort?

### Wording Changed to

[deleted]

### Concern

Deletes requirement to ensure future budgets are not used for current effort?

### Proposed Fix/ Importance

Replace requirement to ensure future budgets in Control accounts are tied to specific scope of work so that budget in future periods cannot be used to do current work – leaving insufficient budget for the remaining tasks.

## Specific Concerns About Changes

### Original Words/ Meaning

10. q. Are high value production and/or critical materials planned discretely using objective milestones or other rational basis for measuring the amount of material consumed?

### Wording Changed to

[Deleted]

### Concern

Deleted old 10.q. on high value/ critical material planning??

### Proposed Fix/ Importance

Reinstate the words to provide general guidance on a requirement to discretely plan high value/ production and/ or critical materials to better be able to discretely measure the amounts of these type materials being used.

## Specific Concerns About Changes

### Original Words/ Meaning

22.b. Does the Contractor's system include procedures for measuring the performance of critical subcontractors?

### Wording Changed to

[Deleted]

### Concern

Deleted old 22.b. , implying it is no longer important to measure performance of critical subcontractors

### Proposed Fix/ Importance

Reinstate the words to have procedures to measure the performance of critical subcontractors. Major or critical subcontractors typically represent significant portions of an overall program effort, and removing the requirement to measure performance of these subcontractors can place a significant amount of risk on the accomplishment of the overall program objectives.

## Specific Concerns About Changes

### Original Words/ Meaning

30. d. Are retroactive changes to budgets for completed work specifically prohibited in an established procedure?

### Wording Changed to

[Deleted]

### Concern

Deleted old 30.d. on prohibiting retroactive changes to completed work, implying it is now OK to make retroactive changes to completed work.

### Proposed Fix/ Importance

Reinstate this sub-question. There should not be a need to change completed work. Allowing, or appearing to allow, digging into completed work and potentially harvesting “unused budget” in completed work that underran, undermines the entire concept of performance measurement. You lose visibility into true performance: You remove evidence of good performance of underrunning accounts, and you reward poor performance by using “underrun budget” in a poor performing account.

## Specific Concerns About Changes

### Original Words/ Meaning

13. d. Are overhead budgets and costs being handled according to the Disclosure Statement when applicable, or otherwise properly classified (for example, engineering overhead, IR&D)?

### Wording Changed to

13. b. Does the SD ensure indirect budgets are:

- established at the appropriate organizational level for each pool and cost sub-element;
- implemented on the programs as developed;
- planned in conjunction with the direct budgets; and
- consistent with the contractor's documented procedures for how indirect costs are approved and allocated to the program?

### Concern

While this new 13.b. on establishing indirect cost budgets talks about "documented procedures", it deleted the OLD 13. d. reference to the Disclosure Statement. [In fact, most (if not all) references to the Disclosure Statement were removed from the CRC sub-questions.]

### Proposed Fix/ Importance

The CASB Disclosure Statement (for Defense Contractors) is an important document for many EV-related elements, including the process for determining indirect cost rates. Without this document, the contractor's EVM System would have to provide the information. Without the references to the Disclosure Statement customers/reviewers will expect answers to be detailed in the EVM SD.

## Specific Concerns About Changes

### Original Words/ Meaning

None

### Wording Changed to

6. e. Is there a repeatable process in place that supports development of a program Critical Path?

- f. If used, does the SD have a process defining the use, identification, and control of Schedule Visibility Tasks as non-PMB activities?
- g. If used, does the SD have a process defining the use, identification, and control of Schedule Margin and traceability requirements to a Risk register?

### Concern

Added new requirement in sub-questions for scheduling that were not requirements before (repeatable process; SVTs; Schedule Margin).

### Proposed Fix/ Importance

Recommend going back to the minimum prescription position of the Guidelines: A contractor's scheduling system should provide vertical and horizontal traceability and be an accurate representation of what is happening on a program, and let the contractor determine how that will be done.

Does industry really want to have all the PASEG scheduling best practices to become requirements by having them included in the EVM checklist – this could be the start of that happening.



# Specific Concerns About Changes

## Original Words/ Meaning

None

## Wording Changed to

2.a. Does the SD describe a process for identifying the program organization at the onset of the contract that enhances management control of cost, schedule, and technical execution?

## Concern

For many programs the complete organizational ~~breakdown~~ structure (~~OBS~~) may not be finalized on the first day of the contract. It should be on place fairly soon after award, but expecting it on day 1 may not be realistic, especially if negotiations resulted in changes to scope (especially added scope).

## Proposed Fix/ Importance

Is adding this new sub-question really necessary?

## Specific Concerns About Changes

### Original Words/ Meaning

Old 2.a. (new 2.b., below) Is there a single OBS containing all organizational elements that are responsible for managing the resources assigned to a program?

Old 2.b. (new 2.c., below) Is major subcontractor and inter-organizational unit work defined and identified with a single OBS within the proper WBS element(s)?

### Wording Changed to

Old 2. b. (new 2.a.)Is there a single organizational structure containing all organizational elements that are responsible for managing the resources assigned to a program?

Old 2.b. (New 2.c) Does the process require major subcontractors and inter-organizational units to be included within a single organizational structure?

### Concern

Why, after 4+ decades of the now-industry standard “Organizational Breakdown Structure (OBS)”, has the term now become unusable – here and in the EVMSIG.

### Proposed Fix/ Importance

Unfortunately, industry started it by allowing the words “program organizational structure” in the Guideline itself, BUT the term OBS has been used for many years, and should be interchangeable with the term the government is using.

## Specific Concerns About Changes

### Original Words/ Meaning

8.e. Do the control account budgets reflect the planned resources to perform the requirements and only exceed the CBB when an OTB/OTS has been authorized?

### Wording Changed to

8. f. Do the control account budgets reflect the planned resources to perform the requirements and only exceed the CBB when an OTB/OTS has been authorized by the customer?

### Concern

Was it necessary to add “by the customer.” at the end of the question? Is there anyone else who can authorize an OTB/OTS? Or is this trying to prevent contractors from using “Internal Operating Budgets (IOBs)” (as used to be allowed by the government in prior implementation guides)? [does anyone – on either side of the table - know what IOBs are?]

### Proposed Fix/ Importance

Added words are not necessary if only talking about OTB/OTS

# Specific Concerns About Changes

## Original Words/ Meaning

None.

## Wording Changed to

9. c. Does the contractor's process require the use of current rates for new work scope?

## Concern

Does this question on current rates belong here in the baseline establishment process, or should it be in the Revisions section somewhere? (e.g. in GL 28?)

## Proposed Fix/ Importance

Up front in a program, the proposal rates might not still be the current rates once finally negotiated, but changes to the contract would follow the current rates (whatever they are (FPRP, FPRA, etc))

## Specific Concerns About Changes

### Original Words/ Meaning

None. [Old 6.d. was deleted and combined in another question]

### Wording Changed to

**NEW 6.d. Does the contractor address an IMS that provides baseline, forecast, and actual dates at the Work Package/Planning Package/Summary Level Planning Package level (at a minimum)?**

### Concern

**As worded this sub-question requires IMS to have baseline, forecast, and actual dates at the WP/PP/ and SLPP levels. Will inexperienced team members expect to see actual dates for SLPPs and PPs - may need to reword to clarify**

### Proposed Fix/ Importance

**Proposed this be reworded so as not to confuse people into thinking PPs and SLPPs can have actual dates.**

# Specific Concerns About Changes

## Original Words/ Meaning

None.

## Wording Changed to

### NEW REQUIREMENTS ON INDUSTRY:

3. a. Does the SD describe the interconnection among the enterprise management systems (e.g., accounting, scheduling, estimating, procurement, Manufacturing/Enterprise Resource Planning (M/ERP) System, time card management systems, etc.) into an integrated framework?

3. c. For production environments, does the process address an M/ERP System for planning, scheduling, dispatching/authorizing, and statusing work with a unique coding structure established to interface between the material control system and the EVMS to support the transfer of data?

## Concern

Adds M/ERP system as part of the “integrated framework”. If you don’t have M/ERP this part of 3.a. is not applicable.

For NEW 3.c., if you are not a production program, this whole question is N/A.

## Proposed Fix/ Importance

Eliminate, no value added.

# Specific Concerns About Changes

## Original Words/ Meaning

Old GL 21 had 4 sub-questions on Material

## Wording Changed to

**NEW REQUIREMENTS ON INDUSTRY IN CRC FOR GL21 – expands GL 21 from 4 Sub-questions to 10 Sub-questions. Some of these sub-questions are analysis and EAC questions that should be in the analysis Category.**

## Concern

- ADDS: 21.e. material in a production environment (N/A if not a production program?)**
- 21.f. Wants analysis process here for High Value/ Critical material;**
- 21.g. specifies performing frequent EACs for material using PERT (also N/A if company does not use PERT??)**
- 21.h. now provides a tutorial on EV points for material**
- 21.i. addresses price and quantity considerations for LOE material**
- 21.j. Specifies use of “estimated actuals” for material**

## Proposed Fix/ Importance

**This is getting very prescriptive on industry.**

## Specific Concerns About Changes

### Original Words/ Meaning

22. a. Does the Contractor's system include procedures for measuring performance at the lowest level of management responsible for the control account?

### Wording Changed to

[Deleted]

### Concern

No longer addresses the control account level -- where measuring performance is done

### Proposed Fix/ Importance

Assume it relies on the words in the GL 22 itself – that it is done at the CA.



## Specific Concerns About Changes

### Original Words/ Meaning

29. e. Are current indirect rates used for changes to future work and reconcilable to the prior indirect rates incorporated in the Performance Measurement Baseline (PMB)?

### Wording Changed to

[Deleted]

### Concern

No longer requiring traceability of rate changes over time?

### Proposed Fix/ Importance

No program history of what happened over time as far as indirect costs go.

## Specific Concerns About Changes

### Original Words/ Meaning

30. b. Are direct or indirect cost adjustments being accomplished according to acceptable accounting procedures?

### Wording Changed to

[Deleted]

### Concern

If cost adjustments don't have to employ acceptable accounting procedures per cost accounting standards requirements.

### Proposed Fix/ Importance

Lose this discipline, and the baseline becomes meaningless – internally and externally.

# Specific Concerns About Changes

## Original Words/ Meaning

None.

## Wording Changed to

**NEW: 9. b. Is a formal work authorization process in place that authorizes scope, resources, and period of performance at the control account level (at a minimum) prior to the baseline start and actual start of the work?**

## Concern

The authorization system should authorize all contractual work, including work managed at higher levels (i.e., SLPPs). This new question requiring authorization at the CA level leaves out any SLPP scope that has yet to be issued to any CA.

## Proposed Fix/ Importance

Reword to include SLPP work.