

IPMD Clearinghouse Working Group Notes

January 31, 2017 IPMD Meeting

1. Guideline 21 Material Price and Usage definitions in the EVMSIG
 - a. In process of being corrected and will align to EIA 748. Gary Humphreys has been working with PARCA to properly state the definition of price and usage variance.
 - b. Russ Rodewald had action pending update of implementation guides to transmit a memo to all DCMA assessors the proper definition within the next four months.
2. Stop work orders
 - a. Joe Kusick brought up the point that nothing has occurred in the last four years to clarify how to handle stop work orders on a contract that has the EVMS clause on it. Contracting officers and government personnel as well as customers, attorneys, and finance offices still confuse EVMS "Budget" with contract funding. Hence on flexibly priced contracts we see contractors being forced to reduce contract target cost by the estimate of ETC work remaining rather than unearned "BCWR".
 - b. Joe Kusick provided PARCA with case examples written up four years ago detailing the issue and the confusion with the contracting community.
 - c. A Program Guidance Instruction (PGI) must be issued by DPAP to correct the misinterpretations.
 - d. Joe Kusick to meet with DPAP along with PARCA support during the first week of March 2017 to represent Industry's issues and suggested topics to be covered in the PGI.
3. LOE in the Schedule
 - a. John McGregor has stated that he has addressed this topic in an internal guidance memorandum and will share with Industry. This continues to be an issue within the government contracting community and focuses on whether the schedule should reflect all resources being used on a contract or not as there are other management tools that can pull together EVMS, Estimates, and Planning information for a comprehensive resource look.
4. 5% withhold
 - a. Discussion was held about the potential of reducing or eliminating the 5% percent withhold on contracts that do not adequately implement Earned Value. Statements were made that the Intelligence Community and DOE do not do this. DCMA (Shane Olsen) stated that it is currently law and would require companies lobbying to get the law changed. Industry to investigate if their lobbyists would carry this forward.
5. CAPE
 - a. Feedback from CAPE stated "glowing" industry comments on flex files. If this is not true we need to articulate our concerns through PARCA and our contracting offices.

6. Guidance on Management Reserve reporting between a subcontractor and prime
 - a. Clearinghouse recommends that the NDIA Subcontract Working Group assume the task of creating a guide on handling MR between the prime and sub that maintains the prime's decision authority.
7. Treatment of Multiple OTB's in the IPMR
 - a. Clearinghouse agreed that format 1 should maintain cumulative values in the reprogramming columns and submit an additional format 1 showing an additional OTB. Format 5 for that same report should explain the additional OTB. PARCA volunteered to explain this to PMO's and the contracting community if required.
8. De-earning vs New Budget
 - a. Discussion on when "de-earning" would be appropriate or new budget should be applied for instances when a task was considered to be complete then declared not complete. Like all issues like this, "it depends". This should be put forth to the board of directors as a good training issue or workshop to establish the framework to assess different scenarios and appropriate responses. Negative BAC is NOT the correct response nor is negative MR.
9. Contractor instructions on "Emergent Make/Emergent Buy"
 - a. Contractors should provide instructions on how to handle changes to planned "Make/Buy" situations. These are the conditions where you planned the work either as labor or material and as you progressed, you may have decided to bring the work in-house or outsource it.
 - b. It is recommended that training be developed on how to appropriately document this in format 5 and also how to replan future effort when it makes sense.