Minutes of the NDIA PMSC Meeting
Wednesday, January 30, 2008

Welcome and Introductory Remarks – Dan Butler

Dan Butler, Vice-Chair of NDIA PMSC called the meeting to order and introduced Joe Kusick of Raytheon, host for this meeting, who welcomed everyone to Raytheon.

Dan thanked Raytheon for the fantastic support and great facilities they've provided for this meeting.

Group introductions were made.

Joe Kusick introduced Mr. John Jones, Raytheon Space and Airborne Systems (SAS) President who welcomed the PMSC to Raytheon and showed a video to introduce SAS and communicate what it's like to be part of SAS contributing to its important mission.

Mr. Jones said that Raytheon SAS follows a disciplined set of PM practices supported by a standard toolset. He believes that the first job of everyone Raytheon is to live by its handshake, i.e., to provides its products, as promised, when promised and at the promised cost. PMs must tell themselves the truth about the challenges they face and where things stand, as well as where the gaps exist, making the info available and visible in a timely way to enable management decision making and action. The second job is to reduce risk by moving learning to the left using EVMS as a key tool. If used right, EVMS ensures that the PM puts the program design into a very measurable plan. The discipline to understand and make decisions early concerning what the metrics are telling the PM is critical. Risk metrics, CPI and SPI, along with other EV metrics comprise the data set.

Joe then introduced Raytheon SAS's new CFO, who briefly spoke about his impressions as a new employee to Raytheon; he's very impressed with Raytheon's organizational focus around customers and their continual quest to improve their EVMS, which is a key tool to driving the success of the business.

DCMA Presentation – Fred Meyer

Fred Meyer, new Director, EVM Center spoke to us about EVM – Where We've Been and Where We're Headed.

Rebecca Davies's regrets were extended by Fred. Becky is working tasking from OSD AT&L and was therefore unable to attend. Fred said DCMA's 5-year plan is still being formulated so he won't talk to that. He will speak about what DCMA considers the keys to success.

DCMA has been consistent in its approach and message and plans to stay on message. DCMA is re-energizing EVM within the Pentagon, e.g., institionalizing trip wires for DAES Reviews.

DCMA's Pax River facility has been stood up. There are currently 20 people in the EV Center and there are plans to increase this number to 44 by 3Q08. The EV Center will still be short-handed given its workload. Fred acknowledged the Center's slow responsiveness that we've experienced. To date, the new EV Center has conducted 39 reviews.

Systemic weaknesses observed by DCMA were shared:
- CAM knowledge problems, span of control issues, scheduling inadequate (Finley focus in DAES reviews), cost/schedule data integration and integrity problems, undisciplined work authorization and change control processes, poor variance analysis, no formal corrective action processes, inadequate EAC procedures (CAMs can't explain) and using EVM to report data rather than manage the programs.
- There are patterns in DCMA findings related to specific ANSI G/L – scheduling, work authorization, data/material reconciliation, and ACWP/BCWP line-up.
- They've observed hidden OTBs, i.e., reprogramming adjustments aren't reported in the CPR. Incorrect/conflicting EV requirements appear in contracts, e.g., FAR clauses cited, DFARs clauses omitted, H clauses and SOWs that direct system violations.

Fred acknowledged the knowledge gap identified by NDIA PMSC and agreed the issue needs to be worked. Fred gave an example of a solicitation in which the DFARS clause appeared in the SOW but not in the clauses. Subsequent to the identification of this problem, the solicitation was reissued the DFARS clause but without the solicitation clause. Clearly, both the contracting officers and the PMs who develop the contract requirements require further education.

DCMA is moving toward a competency-aligned organization, starting with EVM. The CMO assets that perform surveillance are moving under the purview of the EV Center and matrixed out to the CMO. The EV Center will train them to perform the surveillance job. In addition, the center will negotiate with the CMOs to ensure they're adequately staffed to conduct surveillance.

Schedule of events under development by the EV Center requires 80 people but current plans call for only 44. The schedule needs to be cut back and there are priorities that must be included. The EV Center will be cooperating with Bo Willis and the EVM COE to ensure the COE's priorities are met in this revised schedule. Fred should have the schedule complete by the end of March. Industry will have access to the schedule when it is complete. Fred is unsure where it will be published at present.

DCMA is deploying the SSOM. All CMOs will develop a risk-based surveillance plan for all contractor sites that will include all contracts at each site. All 32 guidelines must be reviewed, over multiple contracts at each site, over the course of a year. They need supplier collaboration to complete all this. They want to team with us, to work this together as well as to understand their POV. They will attempt to cut down the team sizes and do fewer CAM interviews. They're employing databases and analytical tools,

e.g., to provide their teams with eCAM notebooks to support the compliance review/validation process.

All existing Surveillance Plans will be revised. SSOM training is being rolled out in March.   Eventually, contractor personnel will be welcome to participate in this training.

CARs will not come directly out of the surveillance reviews – they must go through the EV Center for review first.

The EV Center wants to get out of the Compliance Review process. In order to do this, Industry must admit that problems exist and take action, as well as continually strive to improve people, processes and tools. A key reason is that compliance reviews are expensive. The cost to DCMA for a 2-week review is approx. $270K. It's taking suppliers 12-15 months to correct problems, so companies facing compliance reviews are in panic mode.

DCMA EV Centers keys to success include:
• Competency alignment to bring resources
• SSOM standardizes the process
• Continuous improvement vs. compliance reviews
• Collaboration with industry is required.

Fred Meyer believes that we (industry) share the same objectives.

The roles that the PMs and the buying commands must play to help us meet these goals has not been discussed. EVM as a management tool must be important to both the Government PM and Supplier management in order to achieve EVM discipline.

Fred believes we can achieve the desired end state in 5 years.

There followed a Q&A session, in which Fred Meyer provided additional remarks below.

When asked "what about other agencies that the supplier community works with?" Fred responded that DCMA has an MOA with DHS for surveillance and validation services, and they hope to understand what's going on in the other civilian agencies as well. There needs to be some dialogue concerning how DoD does business under the DFARs and how the other agencies operate under the FAR.

Fred believes DoD imposes more rigorous program management than the civilian agencies do. He does acknowledge that we need to minimize the process differences as the civilian agencies validate contractor systems.

Nunn-McCurdy (N-M) programs comprised 9 of the 39 reviews performed by the EV Center. 5 (of 7 critically- breached programs) were initial visits (management system assessments) required of IPT 4 (management IPT). The first set of reviews was cursory,

2-3 days. System compliance reviews were subsequently required on almost every N-M breached program. N-M is expected to significantly add to the EV Center workload.

Corrective action plans developed as a consequence of a review are best handled by putting an EV Center Champion in place to work closely with the contractor to work through the actions. In addition, the Contractor's sole focus should not be to remove discrepancy reports. Rather it should be to correct the underlying causes of the symptoms identified in the DRs. The root cause must be identified and fixed.

Will there be coordination with DCAA? The SSOM requires DCMA to engage DCAA in the surveillance process. DCAA will continue to be involved in the accounting G/L, etc. Fred wants to avoid duplication and, instead, work together with DCAA as part of the surveillance team.

It was pointed out that the EVMIG requires revision now that the SSOM is published. Fred agreed there are many disconnects between the EVMIG and other documents.

Suppliers will be encouraged to attend the surveillance training. The first few sessions, however, are focused on the field personnel. Fred will speak with Donna Holt (sp) about when suppliers can get involved in this training.

DCMA is not going to revise its initial validation review process. It's a 16-month, 24-step process. The smaller team, shorter-term reviews he spoke about before were compliance reviews, not initial validation reviews.

What roles will Sup Ships play in the EV Center reviews, both compliance and validation? Response - they will participate as part of the team. Sup Ships normal role is system surveillance once the validation/compliance reviews are completed.

A question was asked about basic EV training to confirm that it's still being done at DAU. The surveillance training isn't going to stop inappropriate direction to suppliers, e.g., use your MR…. Therefore, other courses need modification to address some of the issues/problems suppliers have been experiencing.

Later, DCMA plans to develop some analysis training, as well as training related to compliance issues, e.g., use of MR to manage overruns, no cost mod, instructions to keep CPI/SPI at a certain level. People need to be educated as to the danger signs, things to look for, e.g., when award fee plan includes CPI/SPI goals, then the change control process and the use of MR should be reviewed.

Is the DCMA data gathering going to be coordinated with the Central Repository? Fred is unsure whether the DCMA tools will be made available to industry. They're complicated and there are lots of customized scripts employed.

The SSOM has been signed by Keith Ernst as of last Friday and it has been posted on the DCMA website. Fred would like industry feedback, including questions and suggestions for improvement.

What's Fred's vision of "working with industry?" Might industry be invited to meet with DCMA? Fred hasn't determined a strategy – it may be to work through the PMSC or perhaps a newly-formed committee. He does believe we need to get together and understand DCMA's views on compliance, how they determine a contractor's compliance, and other things. Industry forums are a good way; there are plenty of PMSC meetings and conferences to enable this to happen.

What should a company do that needs a validated system, especially if there's pressure from the Prime to have a validated system in place before subcontract award.

It's not feasible to assume that an initial validation can be obtained before a new contract IBR that must happen within 60 days. It can take 2-3 years to achieve initial validation. The Agusta (Italy) validation shown on Fred's chart was given priority by Agusta's management and its Government, which facilitated the process tremendously. However, that review was atypical.

What does industry think a good plan to demonstrate achievement of a validation? Fred would like to see some examples. Plans need to go through the ACO, who would subsequently send to the Center for review.

What is DCMA's plan to improve communication with its CMOs? Competency alignment should accomplish this. The field office people will soon be working for the EV Center. Fred asked for some examples. The field isn't receiving flowdown of new process and isn't getting responses. This is a band-width problem. Danielle Bemis and Jim Henderson (NASA, Space and Missiles Lead) are individuals that Raytheon should go to with these issues. Please call Fred if they don't respond.

Implementation reviews, i.e., where there is already an Advance Agreement. This should be done through the surveillance process rather than a separate review. This is Fred's intent, at least during the short-term.

NASA Centers have been told to have a validated system in place soon. Will DCMA be able to participate to review these systems in time to meet this goal? Fred recommended NASA work with Jim Henderson.

Bo Willis said this question arose at the IPM Conference. The response, then, was to kick the solution back to the Services to figure out what their own, internal validation process should be.

Fred was unable to address validation of in-house EVM systems but promised to look into this and get back to the PMSC.

Keith Kratzert shared that the FAA has a process for reviewing the process being used by its individual programs. However, they haven't yet come up with an FAA system description.

SSA had OMB come in and assess its process. Wayne Abba thinks that its IG did a review too.

Dennis White said he thought that DCMA validated the Marine Corp's system.

Internal Government validations are unlikely to be an EV Center priority anytime soon since the schedule is already full.

Changes to Contractor's system descriptions are supposed to be reviewed by the EV Center, who is obligated to respond within 30 days. Fred is unsure how to meet this obligation but encourages contractors to continue to improve their processes. This means that he needs to find a way to respond more quickly. When asked whether suppliers should proceed to implement their changes, Fred said no, because they would be putting themselves at risk in surveillance. Fred then asked everyone to email him if they have system description changes pending so he can try to get responses out asap. His email address is: Frederick.meyer@dcma.mil

DCMA's process is to outbrief the contractor, every evening, with findings, themes and trends arising from every review. They don't leave the DRs when they leave because they need to be scrubbed and finalized first. The contractors usually have an observer in each interview, so again they should be seeing what DCMA sees during the interviews. The contractor therefore should be able to work the issues/corrective actions in the interim between the end of the review and the receipt of the DRs. Fred needs to know if a contractor thinks they've been left in the dark at the end of a review.

Might DCMA move to a materiality approach to DRs? Fred's response is that level 2 DRs don't affect the system or the data, i.e., they are not "material." However, the serious findings are written up as level 1 DRs.

Is DCMA seeing problems, such as changing requirements and requirements creep, quantity changes, funding changes, and other things that are causing N-M breaches? These things come up through other IPTs. However, IPT 4, in at least two instances, identified 2 cases of serious system issues. Fred isn't seeing good, agile change control processes to handle these types of problems, e.g., reconciliation missing from the change process when implementing a new PMB. (Suppliers need to understand how they got there).

Fred provided the following clarification: DRs are outputs of validation or compliance reviews. CARs are outputs of the surveillance process.

It was noted that some center personnel are giving out that CARs are required to be written for every DR. Fred advised that this is not true.

Recap of Meeting with Rob Burton - Wayne Abba

Wayne Abba recapped a recent meeting with Rob Burton, OFPP, David Muzio and Wayne Abba and a recent Executive Order dealing with improving program performance. Agency Performance Improvement Officers (PIOs) have been named and a list is available on the OMB website. A Performance Management WG has been formed by the CAO Council. Pat Corrigan had hoped to get it engaged with the Civilian Agency working group but she is now leaving OMB. PMI-CPM also facilitates an informal group called the Civilian Agency Community of Interest (CoEye). Program level EVM implementation, acceptance by different agencies, and some related issues were addressed with Burton. Delays in some contractors getting their systems approved were raised by Burton at this meeting. Rob Burton expressed continued interest in exhibiting leadership in this area, during the Corrigan to Kelly transition, as well as in the transition to the new administration. Mr. Burton would like to take on the issue of cross-agency communication and expressed interest in convening a meeting to include the defense, civilian and intelligence agencies with NDIA as the voice of industry to discuss this. We will discuss at tomorrow's board meeting.

ICPM Recap – Peter Wynne and Neil Albert

Pete and Neil recapped yesterday's report on the ICPM. The ICPM (Industrial Committee for Program Management) was established as an advisory group and will produce no documents or products. Invitations to attend were issued to senior level executives within Industry and Government. Industrial committees have some attractive rules, e.g., no minutes, so senior level industry execs have an informal opportunity for open dialogue with senior members of OSD. In addition, they have a finite lifespan and can be started and ended within a short period of time. They also wanted to engage only a limited number of companies, and decided on 20, which deliver different types of products and services to OSD, as well as small, medium, and large business. The ICPM's first meeting was in November 2007 and the following objectives were established:
−   Provide a forum for government-industry discussions and exchange of views on program and acquisition management activities.
−   Discuss OSD and DoD Component policies that effect relationships with suppliers
−   Discuss emerging issues in government and industry that effect the readiness and capabilities of US defense system producers
−   Serve as an output- oriented group

The PMSC will information with the ICPM on major issues but don't necessarily plan to take issues to them.

Mike Joyce, industry chair of the ICPM, stressed to Neil and Pete (the PMSC representatives to the ICPM) that they should help him understand how the ICPM can help the PMSC and that there should be no concerns about ICPM taking over from the PMSC. Advise Neil or Pete of any lingering concerns.

The last two topics were add-hoc additions to today's agenda.

PMSC presentation to NDIA – Dan Butler

The earlier draft of the PMSC presentation sent to DCMA was provided prematurely. Industry agreed it needs to acknowledge its problems and improve its processes. Industry wants to partner with its stakeholders (both DoD and Civilian Agency) to identify new solutions. Included among the many questions Industry is asking itself are the following:

- What publications and other venues can be used to share best practices?
- How will PMSC encourage member companies to share their best practices?
- How to we increase the value of EVMS to executive management?
- How do we facilitate the institutionalization of EVMS throughout our member companies?
- How do we ingratiate EVMS with the PMs?

This presentation was intended to define a new strategic approach for the PMSC. NDIA PMSC hasn't worked out the tactical steps to achieve this strategic plan. We will be working on this in the near term.

Improving the speed, agility of the process would be a good idea. Success stories due to the employment of EVM would greatly help. The practitioners are PP&C folks. The PMs are the beneficiaries but likely don't see it that way.

Following the presentation, Fred Meyer responded that he liked the tenor and the tone, as well as the direction PMSC is taking. With regard to the PM benefiting from EVM, the PM needs to know enough about EVMS to identify when he's not getting good information from his CAMs. PM training is critical to this objective. Is PM training something that should be brought up to the ICPM? How do we engage and energize the PMs – make them accountable for the data and the results?

Keith Kratzert pointed out that the ICPM currently excludes the Civilian Agency PMs. These issues need to be taken up with those agencies and their needs must also be considered.

Dr. Finley has already stated the need to make his PMs accountable as an objective. Therefore Fred's request is valid. With regard to Keith Kratzert's comment, our strategic plan is intended to include civilian agencies, intelligence agencies, as well as the PMSC. The PMSC can be the facilitator and bring commonality across the board. We can provide the forum and help facilitate everyone toward consistency.

Pete Wynne cautioned that we carefully think through the approach we take when brining this up with the ICPM or we may get the wrong result. The ICPM may not initially get it.

Fred Meyer also addressed Keith's concern about the civilian agencies. Fred doesn't believe that they want anything different than DoD does, i.e., timely, accurate and

actionable data from the process. In Fred's opinion, unless there is a difference of opinion about the guidelines, there should be no need for separate process descriptions.

Generally companies mandate a single process for all programs/customers. So industry essentially agrees with Fred.

The primary problem within Civilian Agencies is the system validation and acceptance process. The System Acceptance Guide was created to fill this gap. The Civilian Agencies need DCMA to reciprocally accept their validations. DCMA won't accept until they know the process and the people who validated the system. Fred mentioned that he recently looked at some systems that went through self-certification approx. 10 years ago and they had problems. Fred would like to see how these systems operate before DCMA accepts them. Fred also mentioned that he's seen some things at one civilian agency, such as no documented process and no schedule that would be unacceptable to DCMA.

NDIA PMSC would welcome Fred's participation in some of the reviews conducted using the System Acceptance Guide. Also Fred's review of the qualifications contained in the Acceptance Guide for the 3rd party certifiers would welcome.

With regard to the general lack of qualified resources who understand EVM, the following question was asked. What attracts new people to the EVM profession?

The DCMA EV Center is planning college recruiting. DCMA has the option of a virtual organization. Fred got 77 resumes from within DCMA for the 24 openings in the EV Center. He has found some good, talented young people to join the center. (Both respect and clout are available to members of the EV Center, which makes a big difference in attracting talent A career path and possibility of upward mobility are key).

Pete Mill from UK BAE has given a presentation at conference on the career path for program controls. Wayne Abba can share that presentation with anyone interested.

Bill Altman recommended that both DCMA and PMSC plan to come to the next meeting with some tactical approaches to meeting their respective strategic goals.

Fred responded that he will engage in this collaboration fully and honestly.   He welcomes the opportunity to come back in April and show us where they're going.

OSD Update - Debbie Tomsic

Debbie reiterated the importance of getting the correct EVM requirements on contract. Some of the problems experienced in DoD are attributable, at least in part, to not getting the requirements right up front. These problems may not be immediately apparent but surface months or years later when it is more difficult and costly to make corrections or changes. Debbie stressed the need to involve all of the functional experts—systems engineering, contracting, EVM, program management—in the pre- and post-award planning activities. These functional experts should be involved in developing the SOW

and RFP and need to continue to work together post-award through contract startup and execution.

The DFARS clauses are used to invoke the EVM requirements on DoD contracts. The new clauses are being finalized and the final rule is expected in the near future.

While it is preferable to take proactive action prior to award, existing post-award mechanisms can be leveraged to deal with problems after award. ARA is exploring the idea of using some sort of contract implementation review shortly after award to enable corrections to be made as early as possible. Expanding the use of the post-award conference may be feasible for this purpose. GAO and OMB are also interested in this idea and would be able to assist with any necessary changes to the FAR.

It is also important to make sure the contracting and program management communities understand the requirements. The EVM contract requirements checklist was developed to assist program managers and contracting officers. Debbie reminded the attendees that the checklist is available on the OSD EVM web site and encouraged them to share it with their staffs. The checklist will be updated when the final DFARS rule is issued.

The new Principles of Schedule Management course (BCF 263) has been completed and is now being offered at the Defense Acquisition University. This training is available to industry.

The idea of a collaborative effort between the government and industry to develop a course on contracting for EVM was discussed. Debbie mentioned that it would be important to include the contracting community in an effort of this nature.

Nunn-McCurdy Update – Larry Axtell

Larry Axtell provided an update on Nunn-McCurdy (NM) Unit Cost Reporting, pursuant to Title 10. NM is a Congressional unit cost tracking requirement applicable to Major Defense Acquisition Programs (MDAPs), i.e., ACAT 1C and 1D. Last year, the Congress also legislated NM-like reporting for major IT programs. There are two unit cost measures - program acquisition unit cost and average procurement unit cost (PAUC and APUC). Increases in the PAUC and APUC above established thresholds must be reported to Congress. Breaches relate to the "current" baseline estimate and the "original" baseline estimate, and there are two sets of thresholds – significant and critical breaches.

Significant breaches used to be called notification-level breaches and critical breaches used to be called certification-level. The reporting requirements for significant breaches aren't as severe (15% to the "current" baseline and 30% to the "original" baseline), however, programs that breach these thresholds may be heading for "critical" breaches. A Selected Acquisition Report (SAR) must be submitted when program has a significant breach.

Critical breaches must certify to four criteria in addition to the above, in order that the program not be cancelled.

- Essential to national security
- No alternative which provides equal or greater capability at less cost
- New estimates of PAUC and APUC are reasonable
- Management structure is adequate to control PAUC and APUC

IPT 4, referred to by Fred Meyer in his remarks, addresses the 4th criteria.

The NM certification process is a big commitment that requires lots of resources. Significant effort for OSD and the contractors is involved. Process outputs are the certification package and an Acquisition Decision Memorandum (ADM).

There are penalties associated with missing NM deadlines, i.e., suspension of obligations if either the SAR or the certification are not submitted on time.

NM is unit cost and has nothing to do with schedule, the baseline that is compared to is not the EVM PMB but rather the total Program Acquisition Baseline (APB).

The fact that NM is driving revalidation reviews implies that the breaches are caused by bad management systems; however, this isn't necessarily the cause. A good EVMS may provide an early warning of a NM breach, but a NM breach should probably not be blamed on a bad EVMS. However, DCMA has found system problems when it went in to assess whether the management systems were in place so that the program could be certified under NM.

Someone commented that Bechtel, on the Chem Demil program, has been told they need to get re-validated. However, Larry Axtell said that, in fact, that program had never received validation by DCMA; it was self-validated.

Scheduling Subcommittee Report - John Scaparro (NAVAIR)

The Scheduling Subcommittee meeting last week was a joint industry/government (NAVAIR) meeting. Its purpose was to use that groups collective experience to capture consistent approaches to scheduling. All topics were submitted by industry. They agreed to an initial list that will be addressed by the group in upcoming meetings.

IMS Life Cycle – planning (essential building blocks), IMS construction, and execution. (Schedule margin will be discussed in connection with planning). Under execution, how will the schedule be updated and status presented.

Additional Topics for discussion:
- Schedule realism – how is it ensured?
- Schedule metrics – what are good indices to measure for determining the health of the IMS

- Subsidiary systems – how do they integrated with the IMS
- Contract type and program phases – how do these impact the IMS? (FFP, Production)
- Organizational structure – how does this affect the IMS?
- Integration of Systems – what is the definition of integration? How does the scheduling system relate to the cost system?

Initial findings:
- Recognition that issues with the IMS are broad and numerous
- Disagreement exists on the definition of IMS, its description, purpose and use
- Concern that the IMS appears to be used more as a report than a management tool
- Unavailability of qualified IMS developers and users (limited formal training available on standard IMS development and use for non-qualified personnel)
- Concern that a lack of understanding and importance on the use of an IMS exists within program teams, e.g., PMs and CAMs, etc.

There is lots of agreement between industry and government on the issues. PMs need to know and understand the problems they can encounter.

John will be the main leader of this joint team ("as a facilitator").

The team will discuss SRAs in connection with execution, e.g., what tools will be used for schedule risk assessment. This will also be discussed up front in planning in connection with the risks inherent in the basis scheduling assumptions, e.g., in connection with durations used.

Critical chain will be addressed in connection with schedule margin (planning).

This team plans to meet in person or VTC approximately every two months. More frequently would be desirable but people don't have the time. If possible, they will meet more frequently as long as it takes to address all the identified topics.

Should the team approach the schedule tools suppliers with requirements? Should they address specific tool use?

Mil Handbook 881 will be the WBS structures recommended.

Will they address the integration of subcontractor data? If so, it will be part of the construction segment of the discussion.

Group membership – how can other member companies get involved? NAVAIR is not willing to expand the group. A case was made for involving major subcontractors. John said they thought they had the right people in the primes.

Have they considered involving PMs on this team – they should have valuable insight? Not at this time.

John wasn't willing to say whether this group is recommending resource-loaded schedules at this time.

Re IMP/IMS integration – should the IMP events, accomplishments and criteria appear in the IMS? YES

Missile Defense Agency Update - Dave Melton

Dave's charts went missing in transmission and will be provided later.

MDA has approx. 11 major programs and 14 significant sized contracts. The Congressional requirement for transparency for agencies like MDA that are exempted from 5000 rules is at the prime contract level. Within recent weeks, MDA was questioned as to whether it has the necessary information with so much LOE in place. Is LOE appropriate for sustainment or not? When is LOE appropriate and what is the proper mix of LOE and discrete effort.   PMs have been directed to report on the relative percentages of each of these on their major contracts. DCMA's help with this is sought. MDA expects to be asked to pay special attention to contracts with greater than a certain percentage of LOE. Contractors should expect to be contacted by the agency concerning this.

It became necessary to issue a memo to the contracting officers to make sure they don't confuse LOE CLINs with LOE effort within the PMB in an EVM context.

MDA will track LOE using a bar chart depicting their major contracts. MDA is also tracking top level funding; cost, schedule, and technical goals on an annual basis.

EVM is done well on MDA programs. The IBR process is done very well on 80% of the MDA programs. They spend the bulk of their time on training and improving the other 20%. MDA leadership is stressing IBRs on at least an annual basis but also to assess results of major replans.

IBR preparation is not always good due to lack of experience on the part of many of MDA's participants. Out-briefings suffer as a result. Lots of up front training, including examples, is being used to fix this problem and adequately prepare their IBR teams. They are documenting to include a preparation checklist.

MDA approximately 2 years ago signed an MOA for EVM and have now executed a new MOA for everything to ensure consistency in the use of DCMA resources in all functional areas across all programs. (One example is system engineering).

MDA has found the GAO Cost Guide to be very useful, especially to share with Congressional staffers, etc., concerning best practices and other material it includes. It contains some good rules of thumb. Dave has found it very helpful in working with management and with MDA's GAO auditors.

Karen Richey still plans to sit down with THAAD program office to look at its risk assessment processes. The GAO Cost Guide exposure draft is open for comments until July. It's being given its first full dry run in an FAA audit. The full title of this document is the <u>GAO Cost Assessment Guide – Best Practices for Managing and Estimating Program Costs. The</u> three chapters on EVM are leading to a lot of EVM-related audit questions, e.g., when was an IBR done and what was the outcome?

NASA Update - Ken Poole

Ken Poole from the Marshall Space Flight Center in Huntsville, AL gave the NASA update.

Each center must provide a description of its validated EVMS or if none, its plan for obtaining same, the methods used to apply EVM to project management, and the methods for applying EVM requirements to contractors in RFPs and contracts.   Beginning this spring, the Agency's Chief Engineer will begin to assess progress on this directive.

At the agency level, they're trying to define how they'll validate the centers' EVMS.

NASA is using wInsight to capture all project data agency-wide. They have a new training initiative and a management/business system integration group to identify process gaps and recommend specific improvements to better serve NASA project management and business communities.

The Constellation Program POC for EVM implementation has been established. Projects with a total project life cycle cost > $20 million (in house and contracted) will be required to use EVM. In addition, NASA has numerous IBRs scheduled.

NASA has several issues and challenges associated with internal use of EVMS:
− Support contract cost data not reported in a manner that allows allocation back to project products by WBS.
− Projects don't always establish their control account elements within the accounting system at a low enough level to match with lower WBS levels.
− Changing the management culture to be more receptive and knowledgeable of EVM processes and benefits.

NASA and DCMA will jointly validate NASA contractors. (NASA still has their MOA with DCMA). NASA has already validated JPL. Currently there is no schedule for the other centers but Ken's guess is within the next two years.

Navy CEVM Update - Bo Willis

The big thing on CEVM plate is that the SECNAV-directed reviews to determine the state of EVM across the Navy is due for completion by year-end. They're working with Fred Meyer to figure out how to meet this goal. There are a large number of sites to visit (~26). They're going to forego those contracts that will be completed during this

timeframe. The reviews will be similar to the N-M reviews, i.e., focused surveillance conducted by a small team for one week. More of a risk assessment rather than a full compliance review. They're looking for major systemic problems. The timeline for corrective actions will depend on the findings.

Data requests will be done in advance and most of the analysis will be done before the team arrives. Contractors should receive 90 days notice. DCMA, through the ACO, will notify the contractors of these reviews. DCMA will take the lead.

Reviews won't be doubled up, so if DCMA has already been in, there won't be another review. SECNAV audits will piggy back on what DCMA already has planned.

DCARC Update – Dr. Ron Lile

Dr. Lile reported on the CSDR progress. They are accepting approx. 70% of the reports. Recent CAIG reviews have found data quality issues and DCARC is looking at their process for data validation and acceptance. An automatic validation tool is in the works. CSDR policy compliance is approx. 85%. DCARC needs to reengage the AT&L staff on this.

DCARC is seeing a lot of problems with the requirements being flowed down – they're getting a lot of calls about things appearing in RFPs so that they can be fixed early.

John Young signed out memo for Ken Kreig requiring implementation of the Central Repository for CPR, CFSR and the IMS reports, on all ACAT I programs starting in January. Other programs will follow. Progress is that 30 of approx. 60 programs are reporting. Services are dragging their feet. CDRLS need to be modified in existing contracts – expect this to be a no-cost administrative mod.

The next step will be to evaluate the CDRLS to make sure they're being put onto contract properly.

FAA Update - Keith Kratzert

The FAA is currently focused on program level EVM. They have mapped milestones to a standard WBS and identified a milestone decision authority associated with each. The FAA has also developed a program level IBR Guide that complements the NDIA IBR Guide. They also established portfolio/program performance metrics (PPPM) that have been piloted in one service unit. These consist of top level red/yellow/green bubble charts with drill down capability.

The FAA is also working on a system acceptance process, which assesses ANSI Compliance based primarily on the NDIA Intent Guide as far as evidence of compliance with ANSI Guidelines. Included is a checkpoint review process for each of 5 areas of the G/Ls, with a corresponding timeline. The next challenge is contractor acceptance which

the FAA plans to do itself using the NDIA Acceptance Guide. The FAA CAO will issue Advance Agreements for FAA-validated systems.

DOT has issued an EVM policy applicable to IT programs only. It includes three tiers of thresholds with requirements for each. Dan Butler has a copy. The FAA is exempt from this DOT policy because it has its own.

Contracts Subcommittee Report – Mike Martin

Mike presented industry's position on the issues that were jointly identified by the Industry/Government working group.   These issues are briefly summarized below.

Contractors have to ask questions when they see things in solicitations and contracts that are conflicting or incorrect to avoid many of the issues arising from their contracts that they experience. However, when conflict exists, industry believes that it is inappropriate for DCMA to issue a CAR to the contractor because the contractor cannot unilaterally fix the contract. The solution has to come from within the Government. Therefore DCMA should work with the PCO and the PM to resolve.

Subcontractor validation and surveillance responsibility is claimed by DCMA but this position conflicts with existing guidance.

The integrated team/badgeless EVMS issue is complex; each example is different. We will continue to work this. Currently, DCMA is saying that the integrated process must undergo revalidation at each site. This is a very urgent issue that drew a lot of questions from the audience.

SSOM should have been circulated for public comment because it does have impact the suppliers. The SSOM will be reviewed and comments will be provided.

The knowledge gap results in lots of unrealistic and incorrect requirements in our contracts and subcontracts. We need to develop training for the PCOs and the PMs to fill these gaps to avoid future problems. We would like to pull together a training package by July and then plan how to disseminate the information. We definitely need to educate our own contracting community.

Mike Pelkey pointed out that the contracting officer isn't alone in putting the wrong requirements in the contract. Indeed, the requirements come from the PMs primarily.

XML Standard Update – Joan Ugljesa

Joan recapped her XML presentation from yesterday.   The end objective of this working group is a common library of data elements applicable to contract/EVMS reporting. Targeted schemas include schedule data, cost data, contract and project summary data, funding data and auxiliary data, e.g., reporting structures, calendars, resources, and thresholds.

XML standards are ratified and we're awaiting final publication by UN/CEFACT. We also need industry guidelines for use of the schemas. DCMA is currently planning to produce a set of guidelines relative to their DIDs. There is a perceived need for additional guidelines to address the exchange of other info, e.g., a WBS. Civilian Agencies may have their own data formats they want to develop guidelines for.

The XML schemas will be publicly available (free) once they're published. Once published, these will be the means to feed the OSD central repository (required). Also, DCMA is using these schemas to build content in the DCMA analysis database.

Joan is continuing to work with the software vendors to incorporate these schemas into their products.

See Joan's briefing for web addresses where these schemas will be posted.

Debbie Tomsic is waiting for final publication to incorporate these into the DoD DIDs.

EVM for Services Subcommittee Report – David Muzio

Dave Muzio gave an update on the EVM for Services working group.

Half of the procurement budget is for services and we're looking to see if we can develop EVM application guidance to services work.

Dave made a request for government participants to join this subcommittee and plans to contact some folks he thinks might be able to contribute.

See Dave's presentation for details.

This concluded the presentations. Bill Altman's presentation of the PMSC member survey results will be saved for another day. (Bill's report was reviewed yesterday without the Government folks present).

The next meeting will be in the Washington DC area. The location is TBD. The dates are April 29-30, 2008. (Board meeting on May 1st).

Dan Butler thanked Joe Kusick, once again, and then adjourned the meeting.