NDIA PMSC Industry Only Meeting Minutes
Pooks Hill Marriott, Bethesda, MD
Tuesday, 29 April 2008

The 2nd Quarter 2008 NDIA PMSC Industry Only meeting was held on Tuesday, 29 April 2008, at the Pooks Hill Marriott in Bethesda, MD. This meeting was sponsored by the Deltek Corporation and attended by Industry participants only.

The meeting started with opening comments and a review of the agenda by Dan Butler, PMSC Chair, and a welcome from Rick Lowry, Deltek who gave brief overview of the company and their products. Rick announced that wInsight 6.4 will be released at the CPM Spring Conference in Clearwater, FL. Key feature of this release is that it will produce the DCMA Trip Wire Metrics.

The meeting minutes/highlights of the agenda are described below:

1. Discussion of the DCMA SSOM – Lead by Dan Butler
The DCMA SSOM was originally released in January 2008, and a recent update was published in April 2008. Most of us (Industry) obtained the SSOM through underground sources; it has not been formally given to Industry by DCMA. We need to discuss our observations, issues, and it is time the Committee develops and submits a formal response to DCMA. We have not been asked for a response but we need to do that. Dan reminded the PMSC that of the tone we set at the January Meeting: NDIA PMSC agrees with the goal of improving EVM, and it is anticipated that DCMA will collaborate on an effective means to that goal.

It is apparent that the SSOM/DCMA feels there can only be one approach to surveillance - DCMA does not feel that other agencies have the skill set to properly do surveillance. Industtry has noted DCMA is not consistent in its surveillance and contradicts the SSOM. Areas discussed included:

▪ Industry opportunities/responsibilities noted in the SSOM, Section 1.1.5 Surveillance Report "The report should consider the view points of all surveillance team members." Section 3.0 "Because each supplier and system differs in surveillance needs, it is the responsibility of the surveillance team, working through the EVM Center to tailor the SSP to match standard surveillance requirements to the particulars of the contract."

▪ Industry Connection: SSOM Section 1.1.5 The NDIA EVMS Intent Guide contains the definitions and interpretations of the 32 ANSI/EIA-748 EVMS guidelines; however, they are supplementing it with the JIG Check List. The check list is not even close to the ANSI. ANSI Chapter 4 and 5 states the owner of the system has the responsibility to ensure the system is compliant. Industry needs to push back on the point that it is regulatory in nature. It was stated by numerous PMSC members that Industry has to take back ownership of the ANSI because as long as we continue

to have the amount of deficiencies we have today, DCMA will continue their path of oversight.

- SSOM Impact on Industry:
  - There are impacts with the redirection of existing resources, proper skill sets, and related cost impacts.
  - There is a movement toward an audit mentality.
  - System Ownership issues (does DCMA own the system, or do we). DCMA to recommend surveillance process and training changes and provide coaching/mentoring.
  - What does the AA mean going forward if every month DCMA is challenging a paragraph in the company's system description? This is leading to a perpetual compliance review/annual certification. DCMA's methodology is to look at the system that has been approved and assess if it has been adequately implemented.
  - Joe Kusick, Raytheon, stated that DCMA is disrupting sites that are dependent pm a single program on a monthly basis. This is impacting efficiencies. Industry is seeing inconsistencies as it relates to interpretation of surveillance with DCMA. Industry is helping train/coach the DCMA as they are doing the surveillance. However, it is better to have DCMA ask questions and engage in mentoring rather than let them go off on their own.

Gary Humphreys expressed a concern/observation regarding the June 2007 DCMA checklist that has a requirement to have control accounts in the Contract WBS. Per Gary Humphreys, DCMA is writing CARs on this. As a result, some contractors are re-writing their system description to comply with DCMA rules. Per Walt Berkey, that rule was just changed, Walt went on the DCMA web site and the "C" is gone.

DCMA is using their JIG check list as their source document. Per Joe Kusick, they went through a compliance review in Tucson and a joint surveillance on the Eastern Seaboard, and DCMA used the JIG Check List. The argument with DCMA is what is the source document for Surveillance, and where is it stated in any requirements document. DCMA is using the JIG checklist with no documented authority to use it. It appears they are using it to empower themselves as the Executive Agent. The JIG Checklist is not part of the SSOM. Gay Infanti asked if is anyone is capturing the increased cost to our contracts for this new process. DRs are averaging 130 per review and that is driving cost. The "club atmosphere" has bread the informality of DCMA imposing processes that have not been agreed to via a contract. Raytheon's DCMA is rewriting their AA to incorporate the SSOM and it will be reviewed annually. ACOs have an alignment issue with DCMA, there are a lot of things still left open. They are not saying that the system is not compliant; what they are saying is the guideline is not being demonstrated and CARs are needed to demonstrate compliance.

The SSOM is not a one size fit all and there are inconsistencies with how DCMA applies the SSOM: Large company implementation has a recurring process assessment; there are impacts on subcontractors depending on the flow-down requirements. There is also confusion between sites (one site does it differently than another). Mid size company

implementation, few programs at each site, limited resources, limited customer PMO participation/understanding. Small company implementation, single program within the company.

The SSOM is not being recognized between agencies (Intel, DoD, and Civilian agencies)

EVM Center does not have the capacity to support the SSOM Requirements. There are many factors that support this:

- Extensive list of required EVM Center approvals
- Surveillance schedule and duration
- Number of CARs,
- Length of CAP schedule and close-out
- Level 2, 3, 4 CAPs,
- Verification of effectiveness of CAPs
- Surveillance Report content.

A Northrop Grumman representative commented, the administrative work to close out the surveillance is significant; need to work very closely with DCMA to ensure all paper work is filled out correctly.

The new DFARs clause came out this week, which requires system description process changes be approved before they are implemented. How does that play into picture now?

Based on the above discussions, Dan Butler recommended we form a working group to consolidate the comments on the SSOM and get them to DCMA. Per Walt Berkey, if you sign up to the SSOM, changes made to the system description will have to be approved by the Center. Walt has told DCMA he will make changes per the AA and how it outlines change approvals/notification.

Gay Infanti requested that all companies who have had surveillances with the SSOM provide the Contracts Group with their experiences and issues. If preferred, companies can use the Clearing House Form to keep their input anonymous. **Please provide inputs by 23 May, to Mike Martin**. Dan Butler will send out an e-mail on the particulars, e-mail address, etc. We need to identify what the ultimate objective is, categorize the issues, and give a formal response to DCMA to include recommendations/solutions.

Per Buddy Everage, the SSOM will be discussed at the Spring Conference in Clearwater on 16 May. Recommend we wait for inputs after that event. Recommend those who plan to attend the conference attend that presentation.

It was recommended that we identify the significant points/issues (top 10) and have a small senior Group meet with Fred Meyer prior to the Spring conference so that he can include addressing our points at the conference.

   2. **Summary of Changes to the NDIA PMSC Charter – Gay Infanti**

Gay provided the genesis of the PMSC for the benefit of the newcomers. The reason for the update of the charter was because the previous version received minor piecemeal modifications in the past and contained some gaps and inconsistencies. There were holes that needed to be clarified. Gay took the lead to pull all the changes together.

Summary of changes (refer to briefing charts):
- Added new Committee objectives, clarified makeup of PMSC, its leadership roles, responsibilities, and officer eligibility requirements. Capped the number of Officers at Large to 12, expanded the role/responsibilities of ad-hoc Subcommittees, clarified the voting rules; specified when formal votes (one vote per company) are required, revised/simplified the process for election

- Section 21 – Board Objectives, Section 2.2 Specific Objectives. These changes incorporate what we have been doing for a while.

- PMSC Organization Leadership – Chair, Vice Chair, active past Chairs, and Officers at Large which together comprise the PMSC Board. Eliminated Ex-Officio members at Large who had an unlimited term if they remained active in the Committee. Currently, active Subcommittee Leaders may participate in the Board Meetings, as non-voting members. The number of Officers at Large is now capped at 12.

- PMSC Organization General – all PMSC documents, policies and major initiatives will be approved by the Board and subsequently provided to the membership for review at least 30 days prior to the meeting when the document or initiative is scheduled for approval.

  Lengthy discussions were had on the board membership. Some PMSC members were questioning how many Board members from the same company can be there vs. voting Committee members. Clarification was given that the Board does not vote by company; votes are individual based on expertise. There are no term limitations – does the charter require a second look? The Board does not approve anything upon itself – Board decisions have to be ratified by the full PMSC. Everyone ultimately has a voice on decisions.   All documents policies and initiatives will be subject to a majority approval of the voting members in attendance at the meeting following the review period.

- Added Section 4.7 to contain ad-hoc Subcommittee requirements.   Added three new provisions. Each Subcommittee as its first order of business will be voted upon by the PMSC voting members. The PMSC Board may make additional assignments to an ad-hoc Subcommittee as appropriate to its approved charter and objectives. PMSC members and representatives from Government may invite the participation of subject matter experts from non-member companies to participate on the Subcommittee in an advisory capacity.

- Meeting Participation and Voting. The PMSC encourages open dialogue among all meeting participants and generally operates on a consensus basis. The Chair may call

for non-binding votes to gather consensus of opinion or insight. Formal votes will be taken on substantive matters including: Election of officers, Policy-related issues and documents that will be published by the PMSC, Subcommittee charters and objectives. As stated in the previous Charter, formal votes may be cast by voting members only; one voting member shall be named by each member company (corporate member).

Ruth Franklin, NDIA, reminded us that the PMSC has to abide by the NDIA Procurement Committee rules. Individual PMSC members cannot continue to participate without becoming a Corporate Member. Ruth wants the reference about individual members to be reworded to "for a limited amount of time".

- Officer Eligibility – Chair no change. Vice Chair changes include increased active PMSC membership requirement from one to two years. Eliminated requirement to have served as a Subcommittee leader. Past Presidents and Officers at Large must remain affiliated with a member company and remain active to retain office and cannot miss 3 consecutive meetings. Qualified candidates shall be selected for their knowledge, experience, active participation and acknowledged contributions to the PMSC.

  Nominations – the Board rather than the Chair, shall name a Nominating Committee, designating one member as its Chair to: nominate candidates for Vice Chair and, if applicable, Officer at Large, receive PMSC member nominations.   Notification then goes to the PMSC membership of the pending election, and is given the candidates credentials for their consideration a minimum of 30 days prior to the election.

  Terms of Office – Chair and Vice Chair is 2 years; Officers at large no specific term of office. Elections – The Chair and Vice Chair and Officers at Large are elected by majority vote of the voting members   Per Ruth Franklin, Chair and Vice Chair positions are 1 year per the Procurement Committee Charter, however, they can be re-elected for a second year.

In preparation for the PMSC vote on the amended Charter, Dan Butler, Chair, stated that if we do not get an approval vote on the charter will be reopened for comments.

Vote:
Approve Charter with agreed changes on individual membership: 24
Oppose: 0

The Charter passed as written with one change in wording regarding individual member's limited time to participate.

2. The State of EVM - Gary Crystal:

Gary Crystal submitted an article for publication on the current state of EVM that stirred up a lot of issues with the government. At a January meeting, Gary and the Government agreed to create a venue to speak freely/constructively on issues. The agreement was to withdraw printing the article.

Gary recently had lunch with an industry association who was complaining about the same things we are. Gary sent an e-mail to a key person within industry to solicit publishing the article that stirred up DoD again. Gary met with Dr. Nancy Spruill, Becky Davies, Dave Kestner, et al. It was discussed that in general we have gotten into the position we are in because we have not acknowledged who the owner of the process is, the Program Manager.

Dr. Spruill was open to the items discussed - DCMA always says everything is wonderful. Dr. Spruill seized on the idea of putting OSD AT&L on review teams so they can know what is going on at the working level. As well as give AT&L staff rotations for 18-24 months on programs that will help bridge the gap as to what is going on.

Wayne Abba spoke and stated that DCMA stated that everything is fine because our Corporate people are saying that to the Government. This committee should be addressing our issues at the meeting; the Government is getting conflicting feed back depending on the venue. CEO/Presidents are saying things are wonderful and makes what we say seem as whining. Our leadership needs to be in sync with us. Dr. Spruill wants the real story as to what is happening in industry. She is thinking of doing an anonymous survey to get to what is really going on.

Gary Crystal stated that the day after the Presidential election there will be a transition team formed and we need to put a team together to develop a white paper on how to control the acquisition cost. We cannot talk EVM in this paper. We need to have some intelligence as to who we are writing the paper for and have it ready for the day after the election.

3. **WBS Discussion - Neil Albert** (see charts for the details):
Neil discussed the AIA Board of Governors Meeting regarding Cost Estimating Forum and the Space Industry changes to the WBS, Appendix H, MIL-Handbook 881. Space has been hit hardest in cost growth. NRO, OSD, Industry working group was formed to focus on cost and technical data, definition and assessment of risk and uncertainty, baseline realism, cost proposal/BOEs. A mandate was proposed to have standard WBS and standard CDRL requirements. Issues being experienced are: Inconsistent and inadequate data collection, government budgeting, estimating, and program execution linkage is disconnected, estimates inadequately capture cost variances.

Neil provided the Government/Industry Space Cost Analysis and Estimating Improvement Council, Standard WBS Subgroup Status. There has been a lot of discussion on the MIL Handbook 881, on the space WBS portion and which has held up the release of the updated Handbook. The Subgroup has adopted the NRO WBS for Space that goes down to level 15 of the WBS. The Subgroup adopted the NRO WBS to

level 4 of the WBS because they wanted to apply consistency on how to develop a WBS. Adopted level 3 for reporting purposes except for those items that are considered high cost, risk, technical areas can be at any level where visibility is needed that.

There is a current effort underway to release the Handbook as a Standard. Questions from the PMSC audience were posed: Has there been any discussion with Systems Engineering for consistency? Per Neil, there is not. Who will make the decision on the Handbook going to a Standard? Per Neil, Debbie Tomsic, AT&L, is the owner and will make the decision. Per Neil, we need to identify the level that we want costs collected for consistency. The Handbook is a document for multiple functions and we have to make it to work for every one – not just estimating. Level 4 is where the Handbook stops and the government wants Industry to develop the rest to describe how the work will get done.

Issues: RFPs ask for pricing at the contract fourth level – we need to education our customers on what the appropriate level should be. Government is not implementing the WBS when going out with an RFP. This is a problem as it relates to current WBS structures and Data Requirements.

Guidelines: Only one WBS element where the costs can be collected; costs must be separately identifiable; level collected should represent a reasonable amount of cost; should allow for new technology, design and methods, reasonable to propose, and to report EVMS during execution, consistent with MIL-HDBK-881.

There are a lot of committees to improve the WBS; however, the reason why AT&L has this is it holds the policy in supporting the entire program and not just one area. This will impact the CCDR vs. CPR. Concern is what has been done to affect the EVM community (logic decomposition of the WBS that will make it difficult to put a CPR together).

The MIL-HDBK is to be updated every 2 years – right now there is no money and in the mean time various groups are providing their inputs to required updates. At some point it will go out for comment. Going to a standard will require a lot more scrutiny.

CCDR is using the appendix as the standard WBS for cost collection – this is a problem. Going to the standard will make it perfect for OSD cost collection purposes.

Neil recommends everyone get with their Subgroup representative to help with coordination and input.

4. **EVM System Acceptance Guide Recap of IPMC 2007 Workshop – Buddy Everage** (see slides for details)

Buddy started out encouraging participation at the upcoming CPM Spring Conference in Clearwater, FL as there will be track on Trip Wires.

Buddy provided a brief summary of the history of the EVM System Acceptance Guide that was published in November 2006 and is included in the latest version of the Capital Programming Guide. Buddy ran a workshop at the last Fall Conference in DC, and wanted to get an idea of who's using, and if not being used why?

The purpose of the Guide is to develop a methodology for Systems Acceptance that the system owner can accomplish.

The workshop revealed that the Guide has had limited use among DoD and Civilian agencies. Two agencies have used, one being Social Security. Reasons cited for non-acceptance/use is agency acceptance authority not identified and EVM maturity of the agencies.

Other issues/concerns surfaced during the workshop that included:
- Accounting considerations (Government accounting systems do not support an EVMS
- Who pays for the compliance evaluation review team?
- Acceptance of current validations
- Acceptance plans by agencies – no internal organization
- Development of internal organizations to conduct CERs/Surveillance
- Role of CAO Council and OMB - right now there is no role.

Conclusion: Issues/concerns being address. PMSC should continue to work these issues through the Industry/Civilian Agency Working Group. DCMA has alleviated some agency's concerns by entering into MOUs to provide validation and surveillance support.

FAA will do a Systems Validation Review on a Contractor this summer. Validation Team will be a Government Led Team, DCMA will attend.

5. **Program Management Systems Committee – Navy Programs – Observations from Reviews and Data Sharing Amongst Industry – Joe Kusick**

Joe discussed recent experiences with the Raytheon DCMA reviews. DCMA is still trying to figure out the process - the agenda is not established until the night before. Raytheon has had 2 reviews, a compliance review and a Navy/DCMA review with a third coming up later this year. There are discrepancies among the review teams in the way they interpret the documentation and professionalism in the way that things are done. Joe stated that the contractor has to strive for consistency. Make sure you document everything and be sure to push back when necessary and challenge the write-ups.

When DCMA comes in they are going to tell you the purpose of their review is to evaluate the EVMS against the 32 Guidelines per SECNAV and DCMA EV Center direction on programs that have been identified at contractor sites. They are going to go through their check list in the EVMIG.

Objective is to verify:
- DCMA EV Center approved processes, procedures, and methods are in place and are compliant with the EVMS Guidelines.

- Descriptive documents containing contractor's DCMA EV Center approved policies and procedures are being used
- How data is generated by the EVM system
- That the EVM system generated data is used in the management of the program being reviewed
- Verify the contractor's management's knowledge and use of EVMS.

DCMA is reviewing on current DIDs and not all programs are on the current DIDs. DCMA is holding to a standard that is not on Contract. Going to look at Risk management Process, EACs and Schedule – this has been the trend on the Raytheon reviews.

Scope of Review:
- EVMS Process areas (Organizing, Scheduling, Work Budget Authorization, Material Management, Managerial Analysis, Subcontract Management, Change Incorporation
- Specific guidelines, 1, 2, 3, 5, 6, 7, 9, 10,11,12,14, 15, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32
- Control accounts (80% of ETC budgets)
- Program Manager and Scheduler are interviewed
- Looking at data integrity, running the trip wires and then they will focus on the areas that have disconnects
- CAMs knowledge
- Risk and integration in the baseline
- How EACs are developed

Team consists of:
- DCMA CMO, DCMA EV Center, and NAVY EV Center.
- Reviews have been conducted over a five day period: 2-3 days for interviews, 1 day for analysis, 1 day for debrief
- Data call is has been late
- Review teams have not been well organized, contractor has to step into assist in initial setup of review.
- Once review is complete expect DCMA to be delinquent in getting CARs out, and other closure items. You have the option to petition for closure or elimination of CARs (there is a place on the CAR form to do that).
- CAMs that comprise typically 80% of remaining budget are interviewed
- Draft CARs are supposed to be provided by 2 weeks after review
- Final report is supposed to be written 30 days after completion of review.
- DCMA did not allow supporting groups to talk during CAM interviews.
- Expect CAR levels to change from the time they are issued and when they come back from the EVM Center.

Findings/CARs:

- Minor disconnects CARS will be issued as a level II CAR.
- EAC development supported by inconsistent risk management process.
- Don't have CAMs detail what the process is, have them show the artifacts and articulate how they use it to manage.
- VAR corrective action plans – lack of formal tracking.
- Inaccurate horizontal schedule integration does not support critical path analysis
- RAM WBS and OBS intersection at too high a level (span of control issues – too high of a level)
- BCR validity and process (retroactive/open work package changes)
- EAC – CAM could not provide BOE documentation.

Tools:

- BCWP – inch stones developed as objective measure – MS Excel and Web based versions calculated BCWP that was percent complete based rather than budget-earned based (quantifiable back-up estimate or assessment in your process description DCMA will take exception)

Way Forward:

- Provide a corrective action plan
- Failure to show progress in correcting deficiencies may results in remedial action

In summary, DCMA and the Navy are still coming up to speed in handling the EVMS reviews. Reviews are not consistent, contractors have to take the initiative in setting up the reviews, pulling the data together as well as finding a process to clarify observations. Some review teams are measuring to absolutes, one small thing can get written up. As a contractor community we will need to engage DCMA/Navy for consistency and clarification regarding findings and observations during these reviews. Reviews ran three hours. You really don't know until they walk in who will be interviewed. All CAMs must be prepared. The team is very focused on the integration of the schedule, how EACs are developed and the risks are incorporated into the EAC.

6. **IBR Guide Status – Joe Houser:**

Comments have been adjudicated and incorporated into the Guide. Joe walked through the comments and changes and the background of what the Working Group did. Last review was in August.

Need to add "IBR is not a compliance review". If EVMS is not in place an IBR should not be conducted.

Question: Is there anything in the guide on what to do if there is a pre-award IBR review. Response from Joe was no; it was determined by the team to keep the guide at a high level. The guide could be used at a high level for a pre-award IBR review; however, the details are not there. Do we need to add guidance on pre-award IBRs and alpha contracting? Alpha contracting should be considered.

Discussions ensued on how IBRs are not operating the way they were intended, and how do we change behavior. If 80% of the IBR team is comprised of EVM people, then it is not an IBR The IBR Guide was developed as a way for the customer to conduct the reviews because in the past they were not being conducted properly, they historically have been an EVM Review.

It was agreed that the Executive Committee would address what are the next steps in their meeting on Thursday, 1 May. Walt Berkey recommended we send the Guide to OSD with a letter that states the Government has fallen back into EVM reviews and not IBRs and recommend they review the Guide again.

Gay Infanti made a Motion to make the IBR Guide an NDIA Guide
A Second was received from Joan Ugljesa

A Vote was then held:
In favor of making the IBR Guide an NDIA Guide only and rescind from GEIA and make it a Rev: 24
Carries based on total votes

Earned Value Professional (EVP) Certificate Discussion – Dennis White
There are 139 EVPs. Recently, an RFP had a requirement for an EVP. Do we want to take a position on what the certification qualifications should be based on? The test for the EVP is based on the ANSI. PMI has expressed an interest in developing an EVP certification program. There are also universities that are looking at having a certification program. Dennis does not advocate that NDIA get involved in the certification process; however we should have knowledge about what is out there. Wayne Abba mentioned that the guide to the PMBOK now has far greater material on EVM, there will be more pressure coming out of PMI on the PMP certification.

7. **Discussion on Reciprocity Between the Different Civilian Agencies on EVM Systems – Dan Butler & Mark Infanti**.

  Mark Infanti has written a white paper on reciprocity with the help from various people. Mark identified what Government agencies have to do for reciprocity. The plan is for the White Paper to be reviewed by PMSC committee and then go to the Civilian Agency Working Group and then onto the Civilian Agencies for their comment. Unfortunately, there is no central focal point in the Civilian Agency to discuss/coordinate with. We need to get the Civilian Agencies to buy in one by one and then determine ownership. Need to determine when PMSC will review.

8. **Election for Vice Chair**
Each Vice Chair candidate, Neil Albert, Buddy Everage, and Joe Kusick, gave a briefing about themselves and why they want to be Vice Chair. Dan Butler briefed the election ground rules and information (see briefing charts).

Voting on:

Chair Election – Dan Butler
- **Retain current Chair**
- **Do not Retain current chair**

Vice Chair Election
- **Neil Albert**
- **Buddy Everage**

Joe Kusick

Only one vote per company can be made. Ruth Franklin verified voters where Corporate members.

Ballets were put in a box and Dan Butler to provide the results the following day at the Government and Industry meeting.

9. **Final Business**

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Dan Butler announced that the next NDIA Meeting will be August 11-13, at the Renaissance Hotel, Washington DC, 999 Ninth Street NW, Washington DC, 2005. The Agenda will be as follows:
- The Executive Committee Meeting will be the afternoon of Monday, 11 August
- The Industry Only meeting will be Tuesday, 12 August
- Government & Industry Meeting will be Wednesday, 13 August

Government Room Rate: $154 per night plus Tax. Rooms must be booked by 21 July to get the Government rate. The rate is under the name of NDIA Program Management.

Randy Steeno brought up one last topic that he has recently experienced: DCMA has asked for access to Boeing's real-time scheduling system. Randy wanted to know if anyone else has had a similar request and how it was dealt with. No one responded with a similar experience.

Meeting Adjourned