NDIA IPMD MEETING MINUTES: FEB 6 – 7, 2018 – Day 1

Location: Orlando, FL

Note: These minutes are intended to supplement the charts shown during the presentations as applicable. Charts, with some exceptions, will be uploaded to the IPMD website.

Meeting Call to Order – Industry and Government (8:00 – 8:20 am) – Mr. Dan Lynch

Dan Lynch welcomed the group and especially our sponsors (Deltek, Artemis, and PrimePM) to Orlando. We had a moment of silence for those who we serve and why we are here. Dan mentioned that we have about 170 members in attendance (industry & government). Member introductions were given. Dan went through the agenda and pointed out the changes in the agenda.

Keynote Speaker (8:20 – 9:10 am) - Mr. Gary Bliss

Mr. Bliss spoke on four items:

1) Reorg – There's no institutional changes yet for Acquisition & Sustainment (A&S). Mr. Bliss stated the final org will be announced on June 1, 2018. Questions remains as: What is the vision of A&S?   What will PARCA do? PARCA already performs the assessment of our MDAPs. The new buzzword is 'data analytics'. Data analytics will continue to play a major part of the new organization. By law PARCA has to conduct performance assessment. EVM is critical and doesn't think those will change.
2) 809 panel – The panel suggested legislation to remove the PARCA office. Doesn't know if that will pass or not since there is statutory regulations for PARCA to exist.
3) Agile pilots are removing restrictions on EVM reporting. Agile management techniques are important. The big question is what is getting accomplished (BCWP). This is what needs to be reported. What work is moving to the right (product backlog)? Government personnel need to focus on what's going on with those programs; need to track cost/schedule performance (what goes in and out of the product backlog). Need to manage the EV metrics to fully understand the health of the programs.
4) Co-Plan – Government wants to continue to work with industry to streamline the process and evolve our policies.

Mr. Bliss challenged everyone on agile management performance. During your agile program initiation review ask yourself if you can actually hit your milestones.   If not, what will the metrics look like and will you be able to understand how to fix it?

NDIA IPMD Update (9:10 – 9:35 am) – Mr. Dan Lynch

We have roughly about 10-15% first-timers at today's meeting. Dan thanked our sponsor, Deltek. Dan introduced the board members. Dan mentioned two board members who are retiring from the board: Buddy Everage (16 years on the board) and Kathy Dailey (3.5 years on the board). All will be greatly missed by the board. Dan presented our purpose in IPMD and reviewed our objectives. Dates for 2018 IPMD meetings and EVM World:

- ✓ Feb 7 – 8; Holiday Inn & Suites, Orlando, FL (Deltek)
- May 2 – 3; Hyatt Regency Dulles (Artemis)
- EVM World – May 30 – Jun 1, The Westin, Ft. Lauderdale, FL
- Aug 28 – 29; Hurst Convention Center, Dallas/Ft. Worth, TX (Bell/Textron)

Dan showed the list of four candidates for the two open board positions (members-at-large):

- Glenn Fujimoto
- CJ Jones
- Scott LaFrance
- Vaughn Schlegel

The new IPMD Charter was shown and Dan explained the board's roles & responsibilities. The current roles of the board include:

- o **Chair** – Dan Lynch
- o **Vice Chair** – Dale Gillam
- o **Communication** – Tej Sujlana
- o **Librarian** – Joan Ugljesa
- o **Meeting Coordinator** – Joan Ugljesa will continue until April 2018; Dan Lynch will resume; (NDIA will assist with this position)
- o **Secretary** – Dan Bellovary
- o **Nominating** – Gary Humphreys

Joan Ugljesa presented the 2018 Guide Status and updates. The Intent Guide is open for updates and will be sent out to the IPMD member after this meeting for comments.

Dan presented the working Group leads' one page introduction. Group members stood with the leaders and co-leaders.

Dan finished with the NDIA IPMD Award Program. Coordinators are John Duval and Dan Butler.

Dan stated that we will need two additional board positions as two members are retiring. Please get your nominations turned in early to any board member. Voting will be at the May 2018 IPMD meeting.

Networking Break – Government dismissed (9:30 – 10:05 am)

Industry Only Clearinghouse (10:05 – 10:50 am) – Mr. Gary Humphreys

Gary displayed some of the older topics that were discussed at the Clearinghouse and solutions.

- Handling adjustments to cumulative EV, Negative BCWP
- Stop Work Orders
- Subcontractor MR
- Gate Month Issues
- Agile vs EVMS
- EAC development at the work package level

Harvesting Example and Discussion:

- Issue: Deficiency associated with harvesting budget from budget from closed work packages to augment or create another work package.
- Gary explained the importance of building relationships between the customer and contractor. Harvesting budgets was <u>not</u> the correct path to take as this will lead to a CAR. Audience told their related stories. Use the Mr. John McGregor memo on Harvesting MR and use that for leverage. This memo is pasted at the end of this document.

LOE in the schedule:

- IPMR DID - LOE cannot drive discrete and discrete cannot drive LOE.
- EVMSIG – LOE cannot drive discrete but discrete can drive LOE.

CAM Interviews – the new data driven approach will not mean no more CAM interviews. CAM interviews will still be important.

Question was asked if any company received a 5% withhold from the government in the last year. Only one company experienced a withhold.

Board Candidate Presentations (10:50 – 11:15 am) – Mr. Gary Humphreys

Gary introduced the NDIA IPMD board of director candidates and each potential candidate briefly talked on their desire to join the board.

Agile Guide Update (11:15 – 11:30 am) – Ms. Kathy Dailey

- Kathy discussed the changes in the version 1.2 which was published on Jan 11, 2018. Comments are due on Feb 11. Voting will be conducted for approval at the next IPMD meeting in May 2 – 3, 2018. During the working group meeting, Kathy will discuss where to go with version 1.3.

PASEG Update (11:30 – 11:40 am) – Mr. Yancy Qualls and Mr. Scott LaFrance

- Scott presented the PASEG overview. In the guide, use the Manager's view for the "elevator's speech" for a summary of that topic. Some likely changes: Scheduling in the Agile Environment and revisiting the 14-pt schedule assessment to reflect the current DCMA data driven surveillance metrics. Yancy stressed the good collaboration between PARCA and DCMA.
- Requested changes are due on Friday March 23, 2018. One deliverable of changes per company. The PASEG vote/approval is January 2019.

Voting (11:40 am – 12:00 pm) – Mr. Gary Humphreys

The voting companies casted their votes for the two new board members and the approval of the NDIA IPMD Charter.

Lunch (12:00 – 1:00 pm)

After lunch, Dan Lynch introduced our two new board members: CJ Jones and Glen Fujimoto. Congratulations to CJ & Glenn! Also, the NDIA IPMD charter was approved.

Prime/Sub Working Group Panel (1:00 – 2:00 pm) – Mr. Bill Bridenbaugh (facilitator)

Panel included: Gary Humphreys (Humphreys & Associates), Dan Bellovary (Rolls-Royce), Pam Cleavenger (Ball Aerospace), and Tej Sujlana (General Dynamics)

Bill started the discussion by reviewing the Prime/Sub survey results that was conducted a year ago. The main topic was how the Prime handles the Subcontractor's Management Reserve (MR). There are two methods: 1) Keep the Sub's MR in the Prime's PMB in a planning package or work package within a control account, or a Summary Level Planning Package (SLPP) or even UB; 2) Keep the Sub's MR in the Prime's MR and report it in the Prime's Format 5. It was highly recommended that one must follow your company's own system description, and if the system description is not prescriptive enough, then one should create a Program Management Plan (PMP) or a Program Directive that describes exactly how one will report the Sub's MR. The panel gave their views next. Gary stated that DCMA prefers the sub's MR to be included in the Prime's MR but it should be 'fenced off' meaning the Prime cannot touch the Sub's MR because the assumption with a WP, PP, SLPP and UB is that they will have scope of work and the Sub's MR has no scope of work. Ball Aerospace uses both methods above. Rolls-Royce acting mainly as

a Sub provides the Prime their MR/Program Logs on a monthly basis. General Dynamics has been in both a prime/sub relationship and has MR aligned with their risk mitigation plans.

One of the bigger challenges is between 'sister' divisions within a company. The WBS should specify the correct level of sub transparency between the two companies/divisions. It was reminded that the prime needs to take into consideration the EVMS thresholds and what the Prime is responsible for their subs.

Building relationships can take a long time especially when the prime/sub are competitors. The relationship between Rolls-Royce and their Prime greatly improved once the business teams met together to work on their monthly battle rhythms using value stream mapping. The two companies worked on cutting waste and improving the deliverables. Also, a monthly scorecard was used to show where issues still exist in the sub's monthly deliverables. Improvements were made when the prime showed examples on why certain items were red.

For Ball Aerospace, they started open communication with the RFP and reviewed the requirements and applicability for each specific supplier. They worked together on the WBS/CLIN structure to establish the correct accounting structure. Finally, they worked jointly with their subs to prep for their IBRs.

General Dynamics were fairly similar to Ball Aerospace procedures. They also established meetings early in the program to validate tool and the sub's system description. They focused on collaboration with subs to work out their issues.

Best practices included for subs with a less than $20M budget to let the prime tailor the requirements (not waiver) so it can work with the prime's system description. For Ball Aerospace, they have a 32 guideline check for the subs. They start with the IBR and ask their subs if they have a system description and if they perform internal audits and system surveillance reviews. General Dynamics uses a scorecard for their subs, agrees on the battle rhythm and work products and has exit criteria for their subs. They also check if their program management processes agree with their subs.

There was also a discussion on who should be the Prime CAM to monitor the Sub's work/contract. The majority of responses showed the Prime's CAM is an engineer who understands the sub's work.

Early and regular communication was agreed by all as the best advice between the prime and subs.

For those large subcontracts that have an FFP contract, by definition there's no cost variance. Actuals equals the EV claimed on FFP contracts. Most request the schedule from the subs to update the prime's schedule.

CADE – Impact to Industry Panel (2:00 – 3:00 pm) – Mr. Neil Albert (facilitator)

Panel included: Randy Steeno (Boeing), Steve Huniu (Northrop Grumman), Jeff King (BAE), John McGregor (PARCA Deputy Director), Tom Carney (Lockheed Martin), Fred Janicki (Director – CAPE)

Cost Assessment Data Enterprise (CADE) wants to understand the issues/problems with the intent and expectations from industry in providing data to the government.

Tom Carney (LM) was one of the first pilot programs for CADE. He gave us a history on his relationship with CAPE for the last few years. The goal was how to replace the 1921 files and make it more flexible. Some of the issues were that the 1921s did not have all the information needed. The Flexfile (flat file) concept would help elevate these issues. Expansion of more data evolved in the 1921-T/Q and 1921-M/R. Instead of annually reporting it became monthly and more burdensome for industry. The draft DIDs started to emerge. Tom's view is this has become more work on Industry.

Steve's (NG) perspective was at first it was a win-win where the data was a simple SAP download and then it became more burdensome as the data requests increased. Issue was that data was down to the WBS level 7 but EV was taken at a higher level. Will the government now want EV at lower levels? Again, the data requests grew with the different formats. The latest request is the C-BOM.

Jeff's (BAE) view is the –T perspective. Lot of the technical data was already included in other CDRLs. The –T format became a duplicate task. Where was the benefit?

CADE found out that a lot of the companies cannot provide data the same way as other companies. Some company's EVMS does not go down to that level to justify the FlexFile DID. Those companies may have to purchase a new EVMS tool to satisfy the new FlexFile requirement. Big challenge is the Lot and Unit requirement. This data is coming from their MRP system to their accounting data, but much of the data is lost (tail number), so it becomes harder to provide this level of detail to the government.

PARCA was looking at a co-plan. Co-plan will set how one will report the data. Key is to obtain data from the contractor that will satisfy the EV personnel and the cost estimators.

Key is for Fred Janicki to hear industry's issues so he can make a better and successful product for all.

RFP will have these requirements but at the same time the government is still piloting but the contractor is on the hook to deliver. Some contractors are starting to price this extra work in their proposals.

Fred (CADE) agreed about industry's concerns and that the requirements have grown over the years. His approach is to continue the dialog with industry to make it a win-win situation. He is still looking for industry comments and to create a new DID requirement that will be more efficient for industry to provide this data.

Industry must participate in the CAPE focus groups to be able to hear their concerns. The C-BOM focus group will be in March 2018.

CAPE has been piloting the flexfile and it is going forward. CAPE still wants our feedback on the issues on the flexfile. It must be less burdensome. The current engineering CDRLs will not go away with the new flexfile data. Industry's concerns are the new flexfile requirements are already on contracts and may not all be on board yet.

Network Break at 3:05 and the members went to their Working Group Sessions.
End of Day 1

NDIA IPMD MEETINGS: FEB 6 – 7, 2018 – Day 2

Location: Orlando, FL

Meeting Call to Order (8:10 – 8:20 am) – Mr. Dan Lynch

We have roughly 170 people attending today. It's one of the biggest turnouts. Dan Lynch displayed the updated agenda.

2019 – IPMD meetings (Dates and hotels are TBD). We still need sponsors!

- Winter - Orlando
- Spring - DC beltway
- Summer – Denver area (week after Labor Day)

Keynote Speaker (8:20 – 8:50 am) – Mr. Dave McPherson (Lockheed Martin) – Senior Manager – Program Planning F-35 Sensors presented "*PPM & EVM – One team One Process*"

EVMS System Progression – Discussed their EVMS progression from Pre-2007 to July 2012. Initial DCMA EV Center issued 104 DRs. Vast improvements in people processes & tool followed for five years. Finally receive system compliant in July 2012.

Lockheed Marin Missile Fire Control Best Practices (LMMFC):

- Executive Leadership commitment
- PMs share EVMS process with finance & planning
- Established EVMS change control board (CCB)
- Manage the EVMS review like a program
- Adopted common tools for cost & schedule
- Engaged with DCMA
- Obtained independent assessments/outside eyes as necessary

Initial 2007 – no mock interviews, minimal CAM EV training, inadequate EVMS process, EVMS as a business operation only process resulted in 104 DRs.

Now 2018 – EVMS CCB, CAM 101 training, Internal System Surveillance Reviews, scorecard, Joint System Surveillance Reviews, Improved Tools – (14 point IMS health check, enhanced EFS /wInsight integration, eCAM notebook, Cost/Schedule integration tool, MEDIC IMS Tool (automated checklist), Planning Toolbar within MS Project to help streamline process.

Their biggest challenge was changing the EVMS DNA – Process, People & Tools. This change helped the company win the 2012 Malcom Baldrige Quality Award, which was attributed to EVMS.

EVMS Change Control Board – includes representative from Master planning, cost, EV focal points and an administrator. Team meets weekly to maintain compliances. VPs attend, policy changes, discuss waivers.

CAM Readiness Matrix – All programs use their matrix.

EVMS Self-Assessment scorecard, 105 self-assessment questions covers the 32 guidelines by every CAM, PM, Finance & Planner. The self-assessment will perform by program controller. This goes to the steering committee. This gets added to the CAM's objectives.

The company produced an eCAM Notebook, which shows Common Program Documents and CAM Specific Information. Push buttons (hyperlinks).

Evolution to Data Driven metrics – created their own monthly data driven metrics scorecard. This let them improve the health of their data. Issues were found and improved.

EVMS fully evolved into their culture.

Their CAMs and EV including their EVMS Change Control Board are overhead. This makes it harder to show the costs of EV. Typical program has about 8 – 15 CAMs.

DCMA Data Driven Surveillance Panel (8:55 – 10:00 am) – Mr. Dan Lynch (facilitator)

Panelists include: Mr. Tom Carney (Lockheed Martin), Ms. Caroline Cremisi (Raytheon Missiles Systems), Mr. Scott Foley (Electric Boat Corp.), and Mr. Ted Rogers (Bell/Textron)

Ted – been involved in Data Driven Metrics (DDM) for about 3.5 years. Still doesn't have a certified EVMS. This pilot has created changes throughout management and has made improvements.

Scott – much benefits in the long-run. The improvement in 2017 definitely helped

Caroline – DDM was a shift in culture, increased relationship with local DCMA.

Tom – He was one of the original to start the program. He stated it was a privilege to work with DCMA to structure this approach. He has seen improvements. Know exactly what and how they are being measured. Data shows what they have to do, which resulted in progressive improvements.

Using the DDM made us more focused with the data. The smaller issues became more apparent. On some of the metrics, they didn't think they were close to failing so the DDM made them more aware. We now have solid data to show the programs. The DDM showed them if there were issues across programs too which made them more aware of potential issues.

What changed after this exercise? LM- Now they have a central indirect group that standardized a monthly checklist to pinpoint any issues and how to address the issues. Seeing the metrics across programs have also demonstrated if more training is needed or new/updated processes are needed. Raytheon - Cultural shifts were made to use the DDM as a PM tool. Electric Boat – their team worked extra hours to support the pilot and continue their day jobs. Bell/Textron – helped their core team prepare for their EVMS compliance. This approach was more direct.

Data issues in loading to the tool? Did this cause a change? Raytheon and Electric Boat- data does support the tool. Challenge is how to pull the data consistently across different programs.

Discussion about how the test metrics changed from automated to manual and vice versa. Manual metrics are harder and more time consuming. The automated metrics did help.

Raytheon - Not all the test metrics are a monthly deliverable. If the data is there, why not test monthly. Monthly data became too much of a data draw. If the monthly data isn't providing useful data, then why test it monthly, maybe quarterly. Electric Boat – Initially we wanted to test it all but it became burdensome. Bell/Textron – What happens if one metric out of many are tripped in a guideline? G/L 6 has a lot of tests. This helped lead to more discussions in improving the metrics and improving the testing. LM – how do we optimize the data testing? Yes we can test everything but should we do it (value add). Does one red test make a guideline red? LM has been able to roll up the metrics to see how the metric is seen at a much higher level and then be able to drill down to the program, control account and CAM to find the issue.

What about the thresholds? How have they changed? Raytheon – Thresholds have helped. What areas can we tolerate? Breaches are used to have a conversation. Trips do not equal a CAR. One-off trips are not worthy of a CAR. One issue is not a catastrophe. At first, DCMA wanted perfection with the metrics. Contractors wanted perfection too but don't have the processes, time, and resources to make perfection. This resulted in thresholds which provide a benchmark. Just because we have issues doesn't mean a CAR. Issues will start a conversation with DCMA.

The restructuring of DCMA has helped in dealing with consistent DCMA personnel in solving some of the data driven issues.

Communication is the key with DCMA. The 3-5 full day discussions with DCMA may be over as now the conversations is more focused on those metrics that may be tripping a threshold. Most communication is by phone even though DCMA may be local.

Self-policing, self-assessment is the better solution than waiting for DCMA to find an issue.

In conclusion, the DDM provided very good discussions between DCMA and contractors.

Dan Lynch thanked the panel.

Network Break (10:00 – 10:15)

NDIA Presentation: Women in Defense (10:15 – 10:45 am) – Ms. Rachel McCaffrey (Executive Director, Woman in Defense, NDIA)

Dale Gillam introduced Ms. Rachel McCaffrey who served in the Air Force. Woman in Defense (WID) are affiliated in NDIA. WID strengthens the defense workforce by promoting programming that creates and enhances opportunities for women by increasing diversity within the defense community. WID reaches out to schools to promote women in Defense. Diversity helps companies make important decision making that will affect the company's bottom line. Diversity also helps stop harassment and assault in the workplace. The more diversity one has in your company, a more diverse discussion will result; more facts will be discussed, and will be more innovative with different perspectives. "*What Works: Gender Equality by Design*" by Dr. Iris Bohnet is a good reference to help create diversity within the workplace.

How to create diverse organizations? Understand biases and collaborate with co-workers; create smarter evaluation procedures; create equal opportunity for negotiation; and create mentoring, sponsorship, and network initiatives to build leadership capacity. Even though you are diverse, you must include the diversity in the group to make it work.

Use www.implicit.harvard.edu to take the Harvard test on bias testing.

PARCA (10:45 – 11:00 am) – Mr. Gary Bliss

Mr. Gary Bliss continued the discussion from yesterday about agile management techniques are techniques that have been used before. Use all agile management technique as needed.

PARCA Policy Updates (11:00 – 12:00 pm) – Mr. John McGregor

PARCA – Mr. McGregor presented and explained the PARCA org chart and John's role in PARCA. PARCA works across the DoD services and federal agencies including NDIA.

- **DFARS** – no updates for a date to release. May be waiting on the 809 panel recommendations.
- **5000.02** – version 4 is in process. There's a two-step EVM application process. Step 1 – Contract Criteria review. Step 2 – Work attributes review (optional).
- **EVMSIG** – DoD document used to assess compliance to the 32 EVMS guidelines. Document signed; prepared for publication after NDIA IPMD Feb 2018.
- **DoD PM Guide to the IBR** – Effort to modernize the document and reflect current policy
- **EVMIG Replacement** – single document that contains disparate EVM policy application guidance. Will update through summer 2018.
- **EVM-CR** – Update to the website. Should roll out in three weeks (end of February 2018).

- **IPMR2** – Next week the DID will be sent to industry to evaluate and comment (30-45 days turnaround). Review the particular section on VARs. Question remains whether industry can load data to the IPMR2 tool. Is the IPMR2 an efficient solution?
- **Agile & EVM** – The DoD Agile PM Guide will add language for an Agile IBR and about EV metrics. The guide is out for comments. Should be able to publish in the March/April timeframe.
- **881D** – Completed. Send any comments/concerns to PARCA.

Lunch (12:05 – 1:05)

EVMS Standard Update – Mr. Randy Steeno (1:05 – 1:25)

This organization (NDIA IPMD) is the author and steward of the EIA 748 Standard for EVMS. This standard is updated every five years with SAE International.

EIA 748 Timetable:

- ANSI EIA 748 May 1998
- ANSI EIA 748A reaffirmed Aug 2002
- ANSI EIA 748B approved July 2007
- EIA 748-C approved Mar 2013
- EIA 748-D in progress

Evaluate the need for and possibility of substantial revision and modernization of the EVMS standard.

EIA-748D refresh: Sep – Dec 2017 comment adjudication period;
                      Jan – Mar 2018 document finalization and review process with SAE.

Key edits included Note 4 to show there are complementary systems to interface with the EVMS System E/MPR and Agile. Other updates include: more common terminology/definitions, a new graphic (establishing control accounts), edited the planning package conversion text, added content around "purchased services", and added items to section 6 suggested references.

The path forward is to develop a five year roadmap. The team will review the comments and feedback from their 2017 IPM Workshop and to continue to submit surveys to industry/government. We all need to keep in mind that any quantity change in the number of guidelines (combinations/reductions) will affect many industry and government documents.

748-D is in alignment with the latest DoD EVMSIG.

DCMA Update – Mr. Shane Olsen and Mr. Russ Rodewald (1:25 – 2:15)

Both Russ and Shane expressed their gratitude for being able to work with Industry over the last few years.

INST 208 & INST 210 will be consolidated into the DCMA Contractor Effectiveness Instruction.   It has been submitted for Contractor Effectiveness Policy.

BP-1 Pre-Award EVM System Plan Review completed – Completed / signing out Feb 2018

BP-2 System Description Review - initial draft received; awaiting EVMSIG release for finalization

BP-3 Contract Initiation Support – completed / signing out Feb 2018

BP-4 EVM System Surveillance – completed / signing out Feb 2018

BP-5 RfC – first draft submitted – held due to resources; ECD end Feb

BP-6 – Validation Reviews – first draft submitted, ECD end Feb

2018 Validation Reviews start in March 2018

- Perform data analysis (131 metrics) to identify risk

BP4 – EVM System Surveillance

- Metric groups
    - o Group 1 – cost schedule execution indicators
        - ▪ 47 metrics using cost schedule data (example: BCWP with no ACWP)
    - o Group 2 – S-P-A follow up and AMR
    - o Group 3 – Change control & budget management
    - o Group 4 & 5 – Integrating processes – Material & Accounting
- Frequency will be based on risk of people, processes and tools and individual contracts
- Keep in mind, a trip does not result in a CAR.
- Submit data to DCMA as a flat file.

Working Group Out-briefs (2:15 – 2:55)

CSDR WG – Randy Steeno – currently have 9 volunteers to pilot the FlexFile DID. CAPE would like to have 36 pilots for 2018. Pilots are using Excel or CSV files. CADE is still in the 'walking' phase and is looking to get to an 80% solution. Industry will have to meet the requirements of this "final" DID. The WG does want to stay engaged with CADE regarding the new/proposed DIDs under consideration:

- 1921-Technical DID
- 1921 – Quality DID

- 1921 – Maintenance & Repair DID
- Consolidated BOM DID
- May update the 1921-3 DID

WG will keep us informed on any Focus Group meetings and training by CADE.

Clearinghouse WG – Gary Humphreys, John McGregor & Russ Rodewald – topics include:

- Negative BCWP
- Harvesting underruns
- Historical actuals for long lead material
- Proactively managing LOE
- Material price & usage variance with maturing BOM or low value material
- Planning in-house labor that is performed by 'purchased services'.
- Work Authorization for initial planning at contract award /ATP. Form of little concern as long as we have scope of work, schedule, cost/budget.
- Handling of tasks that are in scope, but were not original baseline which must be performed with no source of budget. A white paper may come forth.
- PASEG states: Each task in the IMS has both baseline and forecast dates.
- UB in the IMS – G/L 6 the IMS reflects all authorized, time phased discrete work to be accomplished.

Notes from the Clearinghouse working group will be posted on the Clearinghouse Working Group page on the NDIA IPMD website.

Prime/Sub WG – Bill Bridenbaugh – Continue to use F.A.S.T (Focused, Agile, Strategic, and Timely). Four new members signed up. The WG has a list of issues and topics for future discussions.

Planning & Scheduling WG – Scott LaFrance – PASEG Refresh is in process. Changes are due March 23, 2018 and send to Yancy Qualls at Yancy.qualls@humphreys-assoc.com

Contracts WG – Elizabeth Schloer – Dr. John Wilkinson is the co-lead. Goals: Develop a guide to aid compliance of a contract with EVM requirements from inception to closeout; Conduct outreach & training. Develop a "Contracting with EVM Requirements Guide". This will be submitted to the Board for review.

Agile WG – Kathy Dailey/Matt Strain – Five new members joined the group. The Version 1.2 Guide is open for changes and is due Feb 11, 2018. Comments will be adjudicated and sent 30 days before May 2018 IPMD meetings so it can go to a vote. Version 1.3 will be released in the spring 2019.

Program Management WG – Vaughn Schlegel/Gerry Becker - Lisa Manning will take over for Gerry. Products/Initiatives: Explore Joint Opportunity with NDIA SE Division and have a Track at conference (Oct 2018) and provide IPMD Meeting topics with PM focus. The WG is also using PMI for leverage.

Networking Break (2:55 – 3:15)

History of EVM (3:15 – 3:45) – Mr. Wayne Abba

Mr. Abba talked about how the relationships between NDIA and the government and how College Performance Management (CPM) is integrated with both entities. He also gave an overview of CPM and of the up-coming EVM World conference on May 30 – Jun 1 in Ft. Lauderdale, FL. Wayne introduced Marty Doucette as VP of Research for CPM who developed a video on the history of EVM. Robin Pulverenti presented the "On the Shoulders of Giants: A History of EVM". Tim Fritz then went through the timeline of EVM. Go to the CPM website (www.mycpm.org), look for "What is EVM?" and find the "History of EVM".

Government Panel (3:45 – 4:22)

The government panel included John McGregor, Shane Olsen, and Hal Hickman

This was an open forum for the audience to ask any open questions.

Did the expectations of the increased thresholds meet your expectations? DCMA stated they saved about 90 billets. The threshold will not go any higher. Did Industry reduce staff too? The DFARS didn't change at $20M.

With the DoD EVMSIG being updated, will the DCMA EVMS Cross Reference Checklist be updated? Yes, it should be available in two months and the checklist will be posted on the DCMA website.

Will there be a Change Document in the EVMSIG for us to see? No, it won't be publicized.

Will the EVMS continue as a business system? PARCA & DCMA agree it's not a business system. It's an integrated set of many business systems. It has caused the contractor to fix issues due to it being a business system.

Will the DCMA/Industry council ever be resurrected? PARCA responded with a no, not at this time.

Per the IPMR2 DID, the requested VARs may change from period to period, but we all need to review the IPMR2 DID before it becomes final.

Will NASA or NRO use the IPMR2? John McGregor wasn't totally sure.

John McGregor thanked the audience for all the help he received on all the policy updates and assistance.

Summary & Adjournment (4:23pm)
Thank you for making this another successful NDIA IMPD meeting.

John McGregor Memo on Harvesting MR:

ASSISTANT SECRETARY OF DEFENSE
3600 DEFENSE PENTAGON
WASHINGTON, DC 20301-3600

ACQUISITION

AUG 24 2015

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Application of Excess Funds on an Earned Value Management Contract

Earned Value Management (EVM) is one of DoD's and Industry's most powerful proven program management tools. Government and Industry program managers use EVM to provide joint situational awareness of program status, to assess cost, schedule, and technical performance on programs, and to support proactive decision-making as program teams navigate constraints and risks in the performance of DoD programs. The Office of Performance Assessments and Root Cause Analyses (PARCA) in OSD serves as the policy and competency owner of EVM for the Department and ensures that EVM guidance is available to constituents.

PARCA recently published the DoD Earned Value Management System Interpretation Guide (EVMSIG) which is the DoD's interpretation of the 32 EVMS Guidelines and serves as the basis for DoD Earned Value Management System (EVMS) compliance activities. The DoD EVMSIG offers flexibility for a variety of program execution and development methodologies. A standard Government interpretation facilitates tailored solutions that meet unique management needs within varying operating environments. An important principle of EVMS outlined in the EVMSIG is a disciplined approach to maintaining EVM baselines.

> *"To ensure the ongoing integrity of the Contract Budget Base (CBB), budget traceability throughout the lifecycle of a program must be maintained. Current budgets must reconcile to prior budgets in terms of changes to work scope, resources, schedule, and rates so that the impact of contract changes and internal re-planning on overall program growth is visible to all stakeholders"*

This includes the tenet that budgets in the baseline directly relate to scope to be completed.

"The establishment of realistic budgets, directly tied to the authorized scope of work, is essential for each organization responsible for performing program effort"

Situations occur where contractors are asked to move budget from control accounts which have cost under-runs and apply the remaining budget to new work; an activity sometimes known as "harvesting under-runs." However, to maintain EVM and EVMS integrity, EVM budget amounts must remain with the scope for which they were budgeted, even where that scope is completed with favorable cost performance. In no cases should underrunning budget in the baseline move as a means to develop new baseline activities.

An underrun to the budget in the CBB does not automatically mean excess funds have become available. Practitioners may erroneously treat EVM budget and contract funding in the same ways. The application of budgets and of funding are distinct and follow separate rules; budget follows EVM rules, while use of funding follows contracting and fiscal rules:

- The term "budget" has a very specific meaning for EVM and refers to the resources estimated to be required to complete the contracted scope of work.
- "Funding" refers to the actual Government dollars obligated on the contract and available for payment for work being accomplished on the contract.
- The amount of obligated funding does not always equal the contract price. There is no rule that requires the CBB to equal either the amount of obligated funding or the contract price.

When the contracted scope has been completed for less than the amount funded, there may exist an opportunity for using that funding for new scope. The ability to use any underrun for new scope becomes a contracting action and must follow prescribed contracting fiscal laws and regulations. When funds that are available due to an underrun are used to acquire new work scope using proper contracting policies and procedures, budget for the new scope should be added to the CBB.

This memo serves to reinforce the information in the EVMSIG regarding maintaining baseline integrity and to provide clarity on the use of excess funding. PARCA supports this direction and will work with the Services to ensure EVM is applied appropriately across the Department.

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cc:
USD(AT&L) Direct Reports