

# NDIA Integrated Program Management Division

*Clearinghouse Working Group*

Joe Kusick  
Gary Humphreys  
Russ Rodewald  
*February 2018*

[www.ndia.org/divisions/IPMD](http://www.ndia.org/divisions/IPMD)

Unrestricted Content

# Clearinghouse Topics

- Handling adjustments to cumulative Earned Value, “Negative BCWP” –Posted to IPMD web site but adding more
- Harvesting underruns---passing to Contracts Working Group
- “Historical” actuals for long lead material ---in CFSR Accrued Expenditure Box but BCWS in IPMR months later
- Proactively managing LOE---addressed in new EVMSIG –no retroactive changes
- Material price and usage variance with maturing BOM or ‘low value’ material. Some using PERT method
- Planning in house labor that is performed by ‘purchased services’ or vice versa--impact on labor rate and usage analysis also

# Clearinghouse Topics

- Work Authorizations 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 in original baseline which must be performed with no source of budget.
- PASEG states: “Each task in the IMS has both baseline and forecast dates.”
- Undistributed Budget (UB) in the IMS
  - EVMSIG GL6 attribute states “The IMS reflects all authorized, time-phased discrete work to be accomplished ...”

- Issue: Deficiency associated with harvesting budget from closed work packages to augment or create another work package.

Situation: The contractor had ***under-run on work performed*** on contract. The PM ***worked with the customer to identify additional in-scope work*** that could be performed to support the overall execution of the contract and customer mission. ***Contract was FPI.***

The Contractor believed they had the following options:

1. Refuse the additional work
2. Establish a zero budget WP for the additional work
3. OTBs are associated with poor contractor performance that can only be corrected through a replanning of the baseline; clearly the contractor has performed well !
4. Establish an Internal Operating Budget and factor the budgets for external reporting
5. Follow customer direction and establish a new WP from harvested budgets

To account for the additional work the contractor gleaned budget from 9 other work packages to add one additional work package to the same control account.

Issue: Deficiency associated with harvesting budget from closed work packages to augment or create another work package.

Contractor Response: Contractor argued that the change was done purposefully, following the change control process, and with **managements direction to improve the integrity of the baseline** and accuracy of the performance measurement data.

The contractor completed more scope and **had the change not been made the contractor would have recognized a large positive cost variance which would have increase the incentive fee** under the 70/30 split. CAR was issued citing that the change harvested budgets and eliminated variances from closed control accounts thereby adversely impacted performance measurements.