



PMLL Identifier: PMLL-2014-EM-ALL-0001
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Date: 1/3/2014

Statement:

In a memorandum dated June 19, 2012, the Deputy Secretary of Energy expressed his expectations for accurate project performance reporting including provision of accurate and reliable Earned Value Management System (EVMS) data. As a result, the DOE Office of Acquisition and Project Management (MA-OAPM) revised their methodology for conducting EVMS reviews in an effort to ensure that DOE contractors are providing accurate reports and sound performance data to Federal project teams. During several of their recently conducted EVMS reviews in FY2013, the MA-OAPM noted incidences of non-compliance with the ANSI-748 EVMS Standard, including the following: lack of cost, schedule and scope integration; lack of schedule integrity; inadequate variance analysis; inadequate Estimate at Completion (EAC) implementation; improper use of Management Reserve; and lack of proper control of baseline documentation. Additionally, OAPM has adopted a new approach to identifying, documenting and resolving findings. The EM Office of Project Assessment (EM-53) has prepared this bulletin to communicate several of OAPM's most recent findings (corrective action requests) and to communicate some of MA-OAPM's recent changes to their past interpretations of the ANSI-748 EVMS standard and other EVMS industry guides. **It should be noted that the final disposition for several of the corrective action requests listed below is currently being discussed among MA-OAPM and EM; therefore each of the recommended corrective actions are subject to change.**

Discussion:

The information provided in this bulletin was extracted from surveillance review coordination call records, surveillance review out briefings, EVMS surveillance review reports and general discussions held with MA-OAPM staff regarding the state of Certification for Contractor EVMSs across the EM complex.

Analysis:

- 1) **Certification Status:** The DOE Office of Acquisition and Project Management (MA-OAPM) now maintains that de-certification of a contractor's EVMS is only possible after MA-OAPM has conducted a Review-for-Cause on the contractor's EVMS, issued corrective action requests (CARs) for non-compliance with the ANSI-748 Earned Value Management Standard and the contractor has failed to be satisfactorily responsive to the CARs even after being given an opportunity and time to correct identified issues.
- 2) **WBS Dictionary Updates:** The valid use of Management Reserve (MR) must be linked to an associated change in authorized control account work scope and it must also effect a change to the Work Breakdown Structure (WBS) dictionary. *(There is discussion between MA-OAPM and EM regarding what constitutes a work scope change.)*
- 3) **Percent Complete:** Work Package percent complete values should be consistent amongst project records, for example between the project schedule and its cost accounting system.
- 4) **Work Authorization:** Work must be authorized before it starts and through completion. As work slips schedule, the associated work authorization document must be updated to authorize any new forecasted completion dates.
- 5) **Level Of Effort (LOE) and Discrete Activity Co-mingling:** To avoid masking discrete activity performance, prohibit the use of greater than approximately 20% Level of Effort (LOE) activities to be co-mingled with discrete activities in a single control account. *(There is discussion between MA-OAPM and EM regarding LOE levels.)*
- 6) **Management Reserve Use:** Valid allocation of Management Reserve to budget requires an associated scope change that is documented in the Work Authorization document. All MR use must have an associated scope, schedule and budget impact. The following events by themselves do not justify the use of MR unless they have scope, schedule and budget impacts at the associated control account level, which should be documented in the work authorization document: a) Design Development/Evolution, b) Planning Package Conversion to Work Package, c) Risk Realization/Mitigation, d) Pricing Changes and e) Subcontractor Award Value Differences. *(There is discussion between MA-OAPM and EM regarding what constitutes a work scope change.)*
- 7) **Variance Analysis Reports:** Variance analysis reports must provide detailed explanations of the schedule and cost variances, including the reasons for those variances, their impact(s) and required corrective actions.
- 8) **EAC Predictive Measures:** The Control Account Manager is required to review and update the Estimate At Completion (EAC) when a potentially significant impact is identified regardless of the expected timing of realization of the potential impact.
- 9) **BCP Documentation:** Baseline Change Proposals or trend documents must contain sufficient detail to justify making baseline changes. Trend reports must provide technical justification for noted changes and baseline change documentation must demonstrate scope, schedule and budget integration.
- 10) **Retrospective Changes:** Unauthorized retrospective changes to either the schedule baseline or the cost baselines detract from the integrity of the baseline.
- 11) **Contractor Budget Base (CBB) Log:** A Contractor Budget Base (CBB) log must be defined and its content specified in the contractor's Earned Value Management System description. There is an ANSI-EIA 748 requirement to show traceability of the Performance Measurement Baseline (PMB) to the CBB/Total Project Cost (TPC) levels.

Actions:

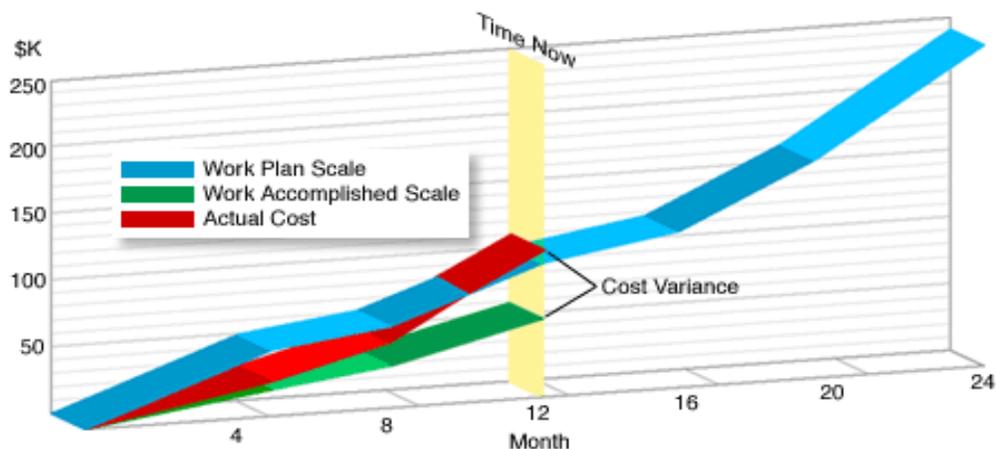
1. All sites should ensure that contractor EVM systems are reporting accurate and reliable data in compliance with the ANSI-748 Earned Value Management System Standard.
2. Sites should ensure that contractors are conducting self-surveillances of their EVMS in accordance with DOE Order 413.3B, at periods not less than annually.
3. Noted incidences of system non-compliance with the ANSI-748 EVMS Standard should be analyzed immediately with corrective actions developed and implemented soonest to resolve issues.
4. EM-53 is reviewing the new OAPM methodology and will make recommendations as necessary.

Critical Decision(s): CD-2, CD-3, CD-4

Facility Type(s): All

Work Function(s): Capital Asset Projects, Project Management, Contract Management, Reviews (EVMS Certification, EVMS Surveillance, EIR, Peer, etc.)

Technical Discipline(s): All



REFERENCES:

1. National Defense Industrial Association (NDIA) Program Management Systems Committee (PMSC) Earned Value Management Systems Intent Guide, May 2011 version. (Although a later version of this guide has been officially released, MA-OAPM uses the May 2011 version of the EVMS Intent Guide which has been recognized by the Defense Contract Management Agency-DCMA)
 2. Memorandum to Heads of Departmental Elements from Daniel Poneman, Deputy Secretary of Energy, with subject "Project Assessment and Reporting System (PARS II) Data Quality," dated June 19, 2012.
- Graphic from <http://www.pmhut.com/earned-value-management-evm-tutorial/>