

Department of Energy
Oak Ridge Office of Environmental Management
Procedure

EARNED VALUE MANAGEMENT SYSTEM SURVEILLANCE

OREM-PC-IP-06
Revision 0

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EM Environmental Management

safety ✦ performance ✦ cleanup ✦ closure

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Revision Log

Revision	Description of the Revision	Issue Date
0	Initial Issue.	May 26, 2011
1	Update to ensure procedure complies with OREM Quality Assurance Implementation Plan (OREM-OM-PL-04). Update to new procedure numbering system EM-1.9 to OREM-PC-IP-06.	12/31/14

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List of Acronyms

ANSI	American National Standards Institute
CPR	Cost Performance Report
DOE	U.S. Department of Energy
EM	Office of Environmental Management
EVMS	Earned Value Management System
FPD	Federal Project Director
GAO	General Accountability Office
HQ	Headquarters
IPT	Integrated Project Team
NDIA	National Defense Industrial Association
OMB	Office of Management and Budget
OREM	Oak Ridge Office of Environmental Management
PBS	Sub Project Baseline Summary
PBMD	Planning and Baseline Management Division
PMSC	Program Management Systems Committee
QA	Quality Assurance
QL	Quality Level

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1.0 PURPOSE

This procedure defines the responsibilities, requirements, reference documents, and general instructions for conducting Oak Ridge Office of Environmental Management (OREM) Earned Value Management System (EVMS) surveillance of contractor management control systems in accordance with Department of Energy (DOE) Order 413.3, *Program and Project Management for the Acquisition of Capital Assets*.

This procedure is also responsive to Office of Management and Budget (OMB), General Accountability Office (GAO), DOE Headquarters (HQ), and Federal Acquisition Regulations regarding the implementation and maintenance of program/project and contractor management control systems in accordance with American National Standards Institute (ANSI) Standard 748, *Earned Value Management Systems*.

2.0 SCOPE

EVMS surveillance consists of reviewing a contractor's Project Management Control System as it is applied to one or more contracts or projects. OREM surveillance is directed toward assuring that (1) contractor project management policies, procedures and practices are compliant with contract requirements as reflected in ANSI Standard 748, *Earned Value Management Systems*; (2) contractor internal and external reports are valid and reflective of project status against a recognized baseline.

3.0 REFERENCES AND DEFINITIONS

3.1 Use References

- DOE Guide 413.3-10, *Earned Value Management System (EVMS)*, Washington, D.C.
- DOE Order 413.3B, *Program and Project Management for the Acquisition of Capital Assets*
- Government Electronics and Information Technology Standard ANSI/EIA-748B, *Earned Value Management System*
- National Defense Industrial Association (NDIA) Program Management Systems Committee (PMSC), *Surveillance Guide, Revision 1*
- ORO EM, *Earned Value Management System Surveillance Plan*, Oak Ridge, TN, October 2007
- NDIA, PMSC, *Earned Value Management System Intent Guide*, June 2009
- OREM-QA-IP-05, *Quality Records*
- OREM-QA-IP-03-F-01, *QL-1 OREM Work Activity List*

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- ANSI Standard 748, *Earned Value Management Systems*
- GAO 09-3SP, *Cost Assessment, Best Practices for Estimating and Managing Program Costs*, March 2009
- OREM-OM-IP-06, *Formal and Informal Assessments*
- OREM-QA-IP-04, *Issue Reporting and Resolution*

3.2 Source References

- OMB Circular A-11 Part 7, *Planning, Budgeting, Acquisition and Management of Capital Assets*, August 2009

3.3 Forms Prescribed

- OREM-PC-IP-06-F-01, *Monthly Surveillance*

3.4 Definitions

None

4.0 RESPONSIBILITIES

4.1 PBMD Director

- 4.1.1 Coordinates and approves an annual EVMS Surveillance Plan for OREM contractors and Sub Project Baseline Summary (PBS) projects; approves changes to the annual plan to accommodate specific ad hoc requests of OREM management, HQ EM, or contractor management.
- 4.1.2 Designates a Lead Analyst for specific PBS projects and contracts.

4.2 Lead PBMD EVMS Surveillance Monitor

- 4.2.1 Coordinates and develops an OREM annual EVMS Surveillance Plan in conjunction with PBMD Lead Analysts for individual PBS projects and contracts.
- 4.2.2 Provides expert assistance and advice to Lead Analysts in interpretation of EVMS requirements and related status reports.
- 4.2.3 Assists Lead Analysts in the selection of projects and contractors for detailed review and evaluation of EVMS requirements.
- 4.2.4 Reviews all PBMD analyst EVMS surveillance reports and forwards significant findings and recommendations to the PBMD Director.

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- 4.2.5 Participates in a joint surveillance of contractor’s management processes, systems and reports. Documents findings and recommendations in a joint report with the contractor and reports significant findings and recommendations to the PMBD Director.

4.3 PBMD Lead Analysts for Project Baseline Summary Projects

- 4.3.1 Maintains knowledge of contractor project management control systems.
- 4.3.2 Reviews and analyzes PBS project and contractor reports, focusing on variances from approved baselines, variance explanations, changes to previous month’s data, and forecasts at completion of cost, schedule, and technical end states as compared to approved baselines for assigned projects.
- 4.3.3 Attends contractor project status meetings, as well as contractor and government Integrated Project Team (IPT) meetings, to observe and evaluate how EVMS information is used by both groups, and how usage might be improved.
- 4.3.4 Develops a risk based approach for recommending and selecting which contractor management processes, systems, reports, and organizations should be candidates for surveillance activity of assigned projects.
- 4.3.5 Documents and communicates the results and observations of the surveillance activity both during and after the activity to the contractor and Lead Surveillance Monitor using the template in Attachment A of this procedure.

4.4 Portfolio Federal Project Directors (FPDs)

- 4.4.1 Coordinates with the Planning and Baseline Management Division (PBMD) Lead Analyst for their PBS project and contractor to develop priorities for the annual surveillance plan for their projects.
- 4.4.2 Requests specific ad hoc EVMS surveillance reviews. Reviews surveillance results and recommendation.

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5.0 PROCEDURES

The type, scope, and depth of each surveillance will vary for each contractor and project. Therefore, no step-by-step procedure can be applied to each surveillance. All the EVMS guidance documents cited in the *Reference* Section of this procedure must be tailored to fit the surveillance of each selected contractor and project.

5.1 Monthly Surveillances

- 5.1.1 PBMD Lead Analysts perform routine surveillance activities (e.g., monthly) on assigned projects. Surveillance results and observations are documented using the template in Attachment A of this procedure. [This step creates a Quality Record which shall be processed per Section 6.0].
- 5.1.2 The PBMD Lead Analyst forwards the completed Attachment A to the PBMD Lead Surveillance Monitor for review. Significant findings and recommendations are forwarded to the PBMD Director and discussed with the contractor.

5.2 Joint EVMS Surveillance

- 5.2.1 The Lead PBMD Surveillance Monitor participates in EVMS surveillances of select contractors by conducting surveillances jointly with the contractor.
- 5.2.2 The Lead PBMD Surveillance Monitor documents the surveillance activity in a joint report with the contractor.
- 5.2.3 The Lead PBMD Surveillance Monitor forwards significant findings and recommendations to the PBMD Director.

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6.0 RECORDS

The following Records may be generated during the performance of this procedure:

Record Description (section)	Record Type (QL-1, QL-2, or N/A)*	Form Number (if applicable)	Record Owner
Monthly Surveillance (5.1.1)	QL-2	OREM-PC-IP- 06-F-01	PBMD Lead Analyst

* Quality Assurance (QA) records for Quality Level-1 (QL-1) activities shall be processed and submitted per OREM-QA-IP-05, *Quality Records*. OREM-QA-IP-03-F-01, *QL-1 OREM Work Activity List*, contains a listing of OREM QL-1 Activities.

Non QA records and QL-2 Activities Records shall be processed as a Federal Record and submitted following the Office of Science Management System Description Records Management System procedures.

7.0 ATTACHMENTS

Attachment A Monthly Surveillance Form

Attachment A – Monthly Surveillance Form

Monthly Surveillance

Title: _____

Status: _____

Date: _____ **Contractor:** _____ **PBS:** _____ **Sub-PBS:** _____

CPP Date: _____ **Analyst:** _____

Subject Areas:

- Analysis of monthly Cost Performance Report information contained in PBS and the contract status reports.
- Reconciliation of Cost Performance Report schedule variances with the underlying network baseline and forecast schedules dates, and relevant critical path calculations.
- Reconciliation of Cost Performance Report Estimates at Completion (EAC) to relevant funding forecasts.
- Briefed the FPD (or designee) monthly, or as required, on observations from the analyses, and recommending areas for further in-depth evaluation to confirm validity of data and contractor management processes.
- Planned and conducted on-site contractor reviews (as necessary).
- Documented the results of monthly report analyses and any on-site contractor reviews.

Monthly Reviews/Analyses/Tasks

- Corporate Performance Measures**
- Data Review
- Variance Analysis
- IPABS Updated with Reviewed Data/Narratives
- Milestones**
- Data Review
- Variance Analysis
- IPABS Updated with Reviewed Data/Narratives
- Cost/Schedule/Scope Data**
- PARS II Contractor Upload Reviewed
- PARS II Updated with Reviewed Data/Narratives
- Contractor Performance Report Reviewed
- PMCP (Phonebook) Reviewed
- Costs/CPI/Variations/Variance Explanations Current/Cumulative Analyzed/Assessed
- Schedule/SPI/Variations/Variance Explanations Current/Cumulative Analyzed/Assessed
- Integrated Schedule Reviewed
- $EAC = BAC / CPI_{cum}$ Vs. Contractor EAC Evaluated
- $EAC_{CPI} = AC_{cum} + WR / CPI_{cum}$ Vs. Contractor EAC Evaluated
- $EAC_{composite} = AC_{cum} + WR / (CPI_{cum} * SPI_{cum})$ Vs. Contractor EAC Evaluated
- Management Reserve Vs. Work Remaining Assessment
- Contingency Vs. Work Remaining Assessment
- Spend Plan Performance Assessment
- BAC Vs. Contract Evaluated
- Multiple Platform Reconciliation (PARS II, IPABS, PMCP, Contractor, etc.)
- IPABS Updated with Reviewed Data/Narratives and Validations Performed
- WBS Dictionary
- IPABS General Information Checked and Updated**

Check List

Monthly Analysis Notes

Date: _____

Corporate Performance Measures

Empty box for Corporate Performance Measures.

Milestones

Empty box for Milestones.

Notes

Cost/Schedule Data

EXAMPLE

IPABS General Information

EVMS Risk Assessment Matrix

Notes