



**Center for
Earned Value Management**

*To make Naval Acquisition the Standard of
Excellence in Government*

**EVM Contract
Requirements
Toolkit**



Director, Center for
Earned Value
Management

March 2008

Notice: The U.S. Navy intends to apply for patents on aspects of the business methods, processes and practices we are providing to you in this document.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DOCUMENT REVISION HISTORY

10/01/2007 –Center for Earned Value Management

- Initial Document Check-In

11/02/2007 –Center for Earned Value Management

- Updated p. 7 chart comment on CPR format requirements added
- Document Revision History page (this page) added

03/19/2008 –Center for Earned Value Management

- Updated header and footer sections on each page
- Added Patent Notice to cover page
- Updated fonts to match CEVM document standard
- Updated document release date on cover page

CEVM CONTRACT REQUIREMENTS TOOLKIT

TABLE OF CONTENTS

I. INTRODUCTION	4
A. BACKGROUND	4
B. EVM ANALYST RESPONSIBILITIES	4
C. DEFINITIONS	5
II. CONTRACT REQUIREMENTS	7
A. THE REQUIREMENTS DECISION PROCESS	7
1. Program Planning & Management Documents	7
2. Contract Vehicles	8
3. Earned Value Requirements Guidelines	9
B. CONTRACT CLAUSES	12
C. STATEMENT OF WORK	14
1. Program Management Review (PMR)	14
2. Integrated Baseline Review (IBR) / Pre-Award IBRs	14
3. Work Breakdown Structure	15
4. Contractor Integrated Performance Management	15
5. Over Target Baseline (OTB)/Over Target Schedule (OTS)/Restructure Approval	16
6. Earned Value Requirements Flow-down	16
D. SPECIAL CONTRACT REQUIREMENT	16
Award Fee Criteria	16
E. DCMA/SUPSHIP - MEMORANDUM OF AGREEMENT (MOA)	17
F. CONTRACT DATA REQUIREMENT LIST (CDRL)	18
1. CDRL Preparation	18
2. CDRL Tailoring	21
APPENDIX A - Standard EV Clauses	32
APPENDIX B - Statement of Work	40
APPENDIX C – Award Fee Criteria	42
APPENDIX D - Memorandum of Agreement	45
APPENDIX E - Requirements Checklist	55
APPENDIX F – List of Acronyms	56
APPENDIX G – Data Item Descriptions	58

CEVM CONTRACT REQUIREMENTS TOOLKIT

I. INTRODUCTION

This toolkit is a guide for preparing Earned Value (EV) data collection, reporting requirements and incorporating these requirements into a contract. This guide provides a standard set of tools meeting program management and cost control requirements in accordance with DoD Instruction 5000.2, and OSD AT&L Policy memo dated 7 Mar 2005, "Revision to DoD Earned Value Management Policy". The requirements can be tailored based on program risk and the specific needs of the Program Manager (PM) or Integrated Product Team (IPT). Incorporating requirements and changes after contract award tends to be more challenging and expensive as Contractor's shy away from scope growth and typically advocate scaling back requirements as much as possible.

A. BACKGROUND

The EV requirement process starts with the Request for Proposal (RFP) where specific EV requirements are called out for consideration. As part of the development of the RFP, Program IPT members discuss the product being procured, develop a procurement plan and execution strategy, highlight risk areas and concerns, and establish program milestones. Some of the topics discussed during the IPT include program risk, contract type, Contract Data Requirement List (CDRL), Statement of Work (SOW), and funds availability. These are key elements in determining the appropriate level of contract cost reporting requirements applicable to the contract.

B. EVM ANALYST RESPONSIBILITIES

The EVM analyst is defined as the person who reviews and assesses EVM data. In the requirement establishment stage of the procurement process, the program's EVM analyst is responsible for explaining the significance and intricacies of the requirements for cost/schedule planning, data collection, variance analysis, management action, and reporting. It is essential that this person communicate the criticality of cost/schedule and EV requirements at this time so that the applicable information will be included in the SOW, CDRL, and contract clauses. The analyst coordinates the development of the SOW, CDRLs and contract clauses with the program team/IPT and provides this information to the PMs or Contract Specialist for incorporation into the procurement documents.

The analyst must ensure that an adequate and reasonable level of cost/schedule information will be received for effective Program Management without levying over-burdensome requirements. The analyst assists the PM in creating this equitable balance of EV requirements considering the complexity of the procured item, contract value, program risk (Cost/Schedule/Technical), and other program needs and constraints.

CEVM CONTRACT REQUIREMENTS TOOLKIT

The analyst works with the PM and the Contractor as applicable, to tailor the requirements and remain actively engaged to influence the requirements process until a formal contract / modification is negotiated. Otherwise, the Contractor may solicit changes to the requirements which may not be in the best interest of the program and not provide the proper cost/schedule visibility necessary to monitor Contractor's baseline execution. For example, the Contractor may recommend removing the Integrated Master Schedule (IMS) CDRL requirement and offer to provide the IMS as a work document; Contractor claims it will be the same information. The Contractor claims CDRLs require additional scrutiny prior to delivering the product to the Government and the Program office agrees with this suggestion since they are trying to reduce the CDRLs to minimize acquisition cost. The Contractor failed to mention that the data will be provided in Contractor format which does not meet the IMS Data Item Description (DID) requirements.

C. DEFINITIONS

Work Breakdown Structure (WBS) – The WBS is a product oriented family tree hierarchy that breaks down a complex system into smaller components. The WBS is a valuable Program Management tool for all acquisition personnel to manage risk at lower levels and report cost information in the Contract Performance Report. MIL-HDBK-881 (latest series) provides the basic framework for a weapon system to level three of the WBS which program offices use to create a program WBS. The Contractor extends the WBS to a level necessary to provide adequate information to manage the program.

Contract Performance Report (CPR) - An Earned Value Management report generated by the Contractor to report cost/schedule information on Department of Defense acquisition contracts. The report consists of five formats: Format (1) contains cost and schedule performance data by summary level WBS elements, Format (2) provides the same data as Format (1) but the data is presented in an functional or IPT organization, Format (3) contains the budget baseline plan and indicates changes to the baseline, Format (4) provides staffing forecast to support the Contractor's Latest Revised Estimate, and Format (5) provides variance analysis narratives for cost/schedule variances that break reporting thresholds and addresses other program issues.

Cost and Software Data Report (CSDR) – The CSDR system comprises the CSDR Plan and two sets of reports Contract Cost Data Report (CCD Report DD Form 1921, 1921-1) and Software Resources Data Reports (SRDRs DD Form 2630-1, 2630-2, 2630-3). Contractor cost data (CCD) reports focus on the collection of actual costs, while software resources data (SRD) reports supplement these costs with software metrics that provide a better understanding and improved estimating of software intensive programs.

Cost and Software Data Report (CSDR) Plan - The CSDR Plan (DD Form 2794) establishes reporting requirements through each phase of the acquisition program and identifies the program WBS. The CSDR plan is to be included in the Request for Procurement and Contract Award process. The contract plan identifies the line items that will be reported by the Contractor to the Government (e.g., the WBS elements

CEVM CONTRACT REQUIREMENTS TOOLKIT

contained in the CCD reports), defines the format(s) to be used in reporting line items, and the frequency with which reports must be submitted. For details on how to write a CSDR plan and complete DD Form 2794:

<http://dcarc.pae.osd.mil/Policy/CSDR/csdrForms.aspx>.

Cost and Software Data Reporting (CSDR) Manual (DoD 5000.04-M-1, dated April 18, 2007) - Serves as the primary requirements document for the development, implementation, and operation of the contractor cost data reporting (CCDR) and software resources data reporting (SRDR) systems, collectively referred to as the cost and software data reporting (CSDR) system. It provides background information and detailed requirements for implementing the mandatory CCDR and SRDR policies established in DoD Directive 5000.04, DoD Instruction 5000.2, and DoD 5000.4-M. It also prescribes procedures and instructions that DoD stakeholders in the CCDR and SRDR processes must follow.

Contract Cost Data Report (CCD Reports) - CCD Reports are required in accordance with the Cost and Software Data Reporting Manual (CSDR, DoD 5000.04-M-1) from materiel developers for all ACAT I program contracts and subcontracts, regardless of contract type, based on the dollar thresholds established in DoD 5000.2. Routine CCD Reports are normally reported to level 3 of the CWBS and determined separately for each prime contractor and subcontractor meeting the reporting thresholds. Reporting to levels 4 and below shall be required on those prime contracts or subcontracts containing WBS elements addressing high-risk, high-value, or high-technical-interest areas of a program. Such reporting applies only if the CWIPT proposes and the OSD CAIG Chair approves.

Integrated Master Schedule (IMS) – The IMS is a detail schedule of the contract activities/tasks that are logically networked, indicating predecessor/successor relationships between interrelated activities/tasks including the estimated duration times by task. The report is a useful tool to perform schedule analysis and determine which items are on the critical path (i.e. driving contract completion) and perform “what if” scenarios. The IMS is also beneficial for comparing time-based variances to the schedule drivers contained in the CPR as a data sanity check. In some cases, an item may not be a schedule driver in terms of dollar value, but may be a critical element of the schedule and impact other follow-on schedule activities.

Contract Funds Status Report (CFSR) – CFSR is a report providing summary level funds status of contract work authorized (negotiated and unnegotiated), funding authorized to date, forecasted work which is not currently authorized, funding surpluses/deficits, forecasted billings, commitments, accrued expenditures, and estimated termination cost. This information is useful to the PM for 1) forecasting contract funds requirements for contracts which are not fully funded, 2) planning and making decisions for contract fund changes, 3) developing fund requirements and budget estimates to support programs, 4) determining funds in excess of contract needs, and 5) obtaining estimates for termination liability.

II. CONTRACT REQUIREMENTS

A. THE REQUIREMENTS DECISION PROCESS

In order for the analyst to make a recommendation in this area, the analyst must pull together all requirements as determined by the PM and IPT including all other relevant data regarding the program. This includes information unique to the contract that might effect EV requirements placed on contract. For example, the PM may want to separate tasks by CLIN so that EV-related tasks are reported separately from non-EV tasks such as Level-of-effort/time-and-materials.

The following paragraphs highlight the critical areas to gather such program information.

1. Program Planning & Management Documents

As part of this fact-finding effort, the analyst becomes knowledgeable in the program's planning and management documents. This enables the analyst to develop an understanding of the program and associated risk, allowing greater insight to tailor EV requirements. To start, the analyst becomes familiar with the Acquisition Program Baseline (APB) because much of the information contained in the APB determines reporting requirements (e.g. cost). As required by DoD Instruction 5000.2, every acquisition program must establish an APB at program initiation to document the cost, schedule, performance objectives and program thresholds.

The Acquisition Program Baseline (APB) contains the most important cost, schedule, and technical parameters. Performance parameters in the early stages of development (Milestone A) are not well defined and become more defined during the development process. The APB also identifies exit criteria by which the program will be evaluated for progression to the next milestone of the development phase. The APB also describes the top level program schedule, major milestones, any other critical systems dependencies, and cost information, such as procurement cost, average unit cost, procurement quantity on other critical systems, etc. Understanding the program in terms of technical performance, schedule, and cost is critical to incorporate the proper level of EVM requirements. EVM requirements should be tailored on a program by program basis as each program has varying degrees of risk, whether it's a single or combination of cost, schedule, or technical risk. The analyst should keep in mind that for many programs, EVM will be the only tool delivering an objective status of contract efforts.

The analyst should also review the program's Acquisition Strategy (AS). The Acquisition Strategy is developed by the PM and is the roadmap for the program. The AS lays out the plan from program initiation through life cycle support of the system and requires approval from the Milestone Decision Authority (MDA) prior to release of a solicitation. The primary purpose of the AS is to develop a plan that minimizes the time and cost of satisfying an identified and validated need by means of common sense and good business practices. The AS, much like the APB, evolves during the development

CEVM CONTRACT REQUIREMENTS TOOLKIT

process becoming more defined as the program evolves. The Acquisition Strategy must address open systems, sources, risk management, cost as independent variable, contract approach, management approach, environmental considerations, modeling and simulation approach, warranty considerations, and source of support. The AS ties the critical program events to demonstrated performance in terms of testing, development, production, and life cycle support. Contracts are structured to support APB exit criteria demonstrating support to continue to the next phase/milestone. The AS is submitted at each milestone review for approval.

Each acquisition program maintains a Risk Management Program identifying and implementing controls mitigating cost, schedule and performance risk. The risk management program plan is maintained throughout each acquisition phase and addresses contingency plans. The analyst should become familiar with the Risk Management Plan to obtain insight into programmatic risk areas. This enables the analyst to focus on high risk areas when supporting the program, performing analysis and tailoring the cost/ schedule requirements appropriately.

2. Contract Vehicles

Contract Types - Contract types fall into two basic categories, cost plus or fixed price and are key elements in determining the EV reporting requirements. Each contract structure has varying degrees of Government risk. In general, a Firm Fixed Price (FFP) contract assumes the least amount of Governmental risk while a Cost Plus Fixed Fee (CPFF) contract assumes more risk for the Government.

Firm fixed-price (FFP) contracts don't normally require EV data reporting since Government risk is minimized as the Contractor assumes all of the cost risk. The Contractor receives a flat amount regardless of the actual cost (regardless if there is a cost underrun or overrun). However, minimal EV requirements have been invoked in instances when the PM determines that schedule/cost/technical risk is considerable and failure to meet schedule milestones will impact program execution or execution of other dependent systems or events. OSD policy memo discourages the application of EVM on FFP, level of effort, and time and material efforts regardless of dollar values. However, if the PM requires cost/schedule visibility a waiver must be obtained from the Milestone Decision Authority (MDA) and the PM submits the business case supporting the choice of contract type including the reasons why other types are not appropriate.

Fixed-price incentive fee (FPIF) contracts usually require EV reporting as the Government shares the cost risk with the Contractor. In a FPIF environment, there is a target cost, target fee, and typically a share ratio associated with the underrun or overrun to the target cost. The share ratio establishes percentages that the Government and Contractor share where there is a cost under/overrun. The contract defines the maximum and minimum fee possible. In an underrun situation, the Contractor has an incentive to earn additional fee (profit) and the Government is responsible for paying the Contractor a percentage of the amount of the underrun as defined by the share ratio. In cases where the Contractor overruns the target cost, the share ratio percentage designates the Government's and Contractor's portion of the

CEVM CONTRACT REQUIREMENTS TOOLKIT

cost liability up to the Ceiling Price. An overrun situation results in the Contractor earning less fee. Once the Contractor's portion of the cost share reaches ceiling price the Contractor assumes all further cost liability, referred to as the Point of Total Assumption (PTA), and will no longer be reimbursed for those additional expenses.

Cost Plus Incentive Fee (CPIF) contract vehicle is similar to the FPIF contract with the exception there is no ceiling price and thus the Government assumes more risk than on a FPIF contract where risk is capped at the ceiling price.

Cost Plus Fixed Fee (CPFF) contract vehicle imposes the greatest risk to the Government since the Contractor has no incentive to underrun the effort. The fee is fixed and the Contractor is guaranteed that fee regardless if there is an under/overrun the contract.

Cost Plus Award Fee (CPAF) contract vehicle is similar to the CPFF with the exception of the fee structure. This contract type contains an award fee. The award fee approach is often utilized to incentivize the Contractor to perform to a predetermined set of criteria using subjective measures. The criteria are set prior to start of each evaluation period.

Cost Plus Incentive/Award Fee (CPIF/AF) is similar to the CPIF discussed previously but includes an additional fee component (Award Fee) allowing the PM flexibility to incentivize specific program objectives.

Cost Plus Incentive Fee/Fixed Fee (CPIF/FF) is similar to the CPIF discussed previously but includes an additional Fixed Fee component (Fixed Fee) to allow the PM flexibility to incentivize specific program objectives.

Other Transaction Agreements (OTA) is a transaction vehicle other than contracts, grants, or cooperative agreements. OTAs offer Government flexibility in negotiating terms and conditions since OTA are not required to comply with Federal Acquisition Regulation (FAR). OTA are also referred to as a Section 845 OT because Section 845 of the National Defense Authorization Act for FY 1994 (Public Law 103-160), initially authorized its use. DoD has temporary authority to award OTAs for certain prototype projects that are directly relevant to weapons or weapon systems proposed to be acquired or developed by the DoD.

3. Earned Value Requirements Guidelines

Revised Earned Value Management policy was released by OSD (AT&L) on 7 Mar 05 streamlining the EVM requirements process. Previously, the Acquisition community had two options in terms of EVMS requirements, Contract Performance Report or Cost/Schedule Status Report (CSSR). Each report had its own set of Defense Federal Acquisition Regulations clauses levying two distinct requirements. CSSR requirements did not impose the full rigors of the EVMS 32 guidelines nor did it require a formal validation. Rather, the requirements provided less data integrity since CSSR requirements simply had to meet the spirit of EVM leading to much confusion and debate regarding the value of CSSR data reporting. Hence, the policy memo

CEVM CONTRACT REQUIREMENTS TOOLKIT

immediately rescinded the use of CSSR Data Item Description and associated Defense Federal Acquisition Regulation Supplement (DFARS) clauses in future procurement actions. (<http://acquisition.navy.mil/content/view/full/3927>)

As defined in the table below, OSD (AT&L) policy memo requires an Earned Value Management System (EVMS) be invoked for significant contracts (>\$50M then year dollars). EVMS criteria require the Contractor to have a formally validated EVM system meeting all 32 EVMS guidelines covering five major categories: Organization, Planning and Budgeting, Accounting, Analysis, and Revision. On contracts less than \$50M but greater than \$20M the System must be compliant with all 32 guidelines, but does not need to be validated/formally accepted by the Government. The EVM threshold values are based on the expected final cost of the contract. For example, if a contract was awarded at \$40M but is expected to grow to \$60M by the end of the effort, it would require a formal validation of the EVM system.

NAVY EVM THRESHOLDS/REQUIREMENTS

REQUIRED	≥ \$50M
<ul style="list-style-type: none"> ANSI/EIA-748 compliant and validated management system. CPR (all formats) Integrated Master Schedule Schedule Risk Assessment 	<ul style="list-style-type: none"> Contracts highly classified, foreign & in-house programs Not required for: Firm-fixed price contracts. (Requires business case analysis and MDA approval.) Not recommended: Contracts < 12 months in duration. May not be appropriate for: Non-schedule based contract efforts, e.g., level of effort.
REQUIRED	= \$20M but < \$50M
<ul style="list-style-type: none"> ANSI/EIA-748 compliant management system. <u>No Validation.</u> CPR Formats 1 and 5 Required (CEVM Recommends All 5) Integrated Master Schedule Schedule Risk Assessment 	Same as above
OPTIONAL- USE JUDGMENT	< \$20M

CEVM CONTRACT REQUIREMENTS TOOLKIT

<ul style="list-style-type: none">• ANSI/EIA-748 compliance is discretionary and should be based on risk.• CPR Formats 1 and 5 are recommended.• Integrated Master Schedule is optional.	<ul style="list-style-type: none">• Ensure only minimum information needed for effective management control is requested.• Requires cost-benefit analysis and PM approval.• May not be appropriate for Non-Schedule based contract efforts, e.g. level of effort• Not recommended: Contracts < 12 months in duration.• EVM may not be optional if the product or service is designated a major capital acquisition IAW OMB Circular A-11, Part 7.
--	--

Although the OSD policy discourages the application of EVM on Firm Fixed Price (FFP), Level of Effort and Time and Material contracts, the PM may still consider the requirement to report.

If EVM is being considered for FFP contracts, the PM must first re-examine the necessity of cost/schedule information and, if deemed necessary, reconsider the appropriateness of the FFP contract type. Secondly, if the PM determines information is a necessity, the PM must request a waiver from the Milestone Decision Authority (MDA). The waiver request must include a business case discussing the rationale for FFP contract. As a rule of thumb, FFP contracts are generally selected for lower risk programs minimizing Government's cost risk. If schedule risk is a concern, the PM may require an IMS without requiring EVM or CPR deliverable.

On less significant efforts, less than \$20M, the Program Manager may elect to invoke EVM requirements if the PM believes there is significant risk and would like to mitigate program risk and gains insight into the Contractor's cost/schedule performance. Levying EVM on contracts less than \$20M requires a Cost Benefit Analysis. Additional guidance is provided in the Earned Value Management Implementation Guide (EVMIG) which is DoD's guidance on Earned Value Management System (EVMS) and includes an understanding of EVMS concepts, describes objective guidelines for EVM systems and provides guidance in interpreting those guidelines for use on Government contracts and programs.

Some considerations when invoking / tailoring EV requirements are as follows:

CEVM CONTRACT REQUIREMENTS TOOLKIT

- A. Complexity of the contracted effort (i.e., procurement of items already built in large numbers) warranting greater attention, detail and management. For example, development efforts integrating commercial hardware are often viewed as low risk, but often Commercial-Off-The-Shelf (COTS) products may not meet performance specification requirements, further complicating development efforts.
- B. Items required to support another program or schedule event may warrant EV requirements even though the procurement may not meet dollar threshold guidelines. For example, hardware necessary to support a ship overhaul that is scheduled to come into the Depot and is not expected to return to the Depot in five years.
- C. Nature of the effort, i.e. software intensive effort is inherently risky.
- D. The contracting strategy (i.e., single or multi-year procurement, competition, etc.) For single year procurement, there is less risk due to the shorter nature of the contract. As a result, less stringent reporting requirements may be required while maintaining sufficient confidence in the program. However, longer-term contracts expose the Government to more risk requiring stricter monitoring. Therefore, in a multi-year procurement contract, the contractor will either be required to submit one CPR representing the entire effort or separate CPRs for each lot.
- E. Contractor performance history. Examine previous contractor performance via old CPRs or review Contractor Performance Assessment Reports (CPARs).
- F. Number of managing offices/joint program considerations. If multiple organizations are managing a program, there needs to be a way to balance the needs and mitigate the risks of each organization. In addition, high-interest programs may also require additional program insight into cost/schedule performance.
- G. Presence of a validated Contractor EV system. Unless the contract is awarded non-competitively, one does not know who the Contractor will be and if they have a validated EV system. However, in non-competitive awards or establishing requirements after contract award, the analyst will need to consider if the Contractor EV system is validated.

Note the above list is provided for recommendation purposes only and does not all-inclusive.

After developing the reporting requirements, the next step is to develop contract clauses.

B. CONTRACT CLAUSES

Every contract is comprised of a standardized format common to all Government contracts acting like a table of contents for the contract. Familiarity with the contract format is helpful in navigating through the contract and quickly locating information.

Uniform Contract Format

CEVM CONTRACT REQUIREMENTS TOOLKIT

Section	Part I – The Schedule
A	Solicitation/Contract Form
B	Supplies or Services and Prices/Costs
C	Description/Specification/Work Statement
D	Packaging and Marking
E	Inspection and Acceptance
F	Deliveries or Performance
G	Contract Administration Data
H	Special Contract Requirements
	Part II – Contract Clauses
I	Contract Clauses
	Part III – List of Documents, Exhibits, Attachments
J	List of Attachments
	Part IV – Representation and Instructions
K	Representations, Certification, Statements
L	Instructions, Conditions, Notices to Offerors
M	Evaluation Factors of Award

Section I contains a listing of all contract clauses in one central location providing a quick look at the requirements imposed on the contract. The contract clause section lists references to the clauses that the Contractor must perform to be in compliance with the contract requirements. To comply with the Government's Paper Reduction Act, the contract clause section only contains references; otherwise, each contract would contain a volume dedicated to contract clauses. Invoking the EV contract clauses on the contract is imperative to ensure EV requirements are included in the contract's scope and to ensure that Contractor management process/systems will or be capable of supporting EVMS prior to contract award. Incorporating EV clauses establishes the requirement for invoking: 1) EV discipline and guidance so as to assure valid, timely, and accurate cost/schedule data for management decisions; 2) placing management emphasis on EV from the start of the effort so that EV can be a useful decision-making tool and to avoid surprises in cost or schedule, 3) ensuring an EV system in compliance with the contract requirements, and 4) informing the Contractor of the Integrated Baseline Review requirement.

Appendix A contains FAR and DFARS EVM provisions and clauses for use in solicitations and contract award documents. Federal Register notice dated July 5, 2006, discusses the introduction of new FAR requirements for Pre- and Post-Award Integrated Baseline Reviews (IBRs). It should be noted that OMB desires the flexibility for agencies to conduct Pre-Award IBRs; however, un-reimbursed Pre-Award IBR's will be "unusual." Although the FAR is not forcing agencies to reimburse Pre-Award IBR

CEVM CONTRACT REQUIREMENTS TOOLKIT

costs either for large or small businesses, OMB anticipates that agencies that want Pre-Award IBR's will pay for them, for example as separately funded cost reimbursement contracts.

Pre-Award IBRs are not mandatory; however, if agencies determine that establishing a firm baseline prior to award is beneficial, the rule allows this flexibility. The FAR Council acknowledges that Pre-Award IBRs may increase Bid & Proposal costs and source selection resources; however, EVM is designed to save money in the long run.

C. STATEMENT OF WORK

Section C of the contract contains the subsection detailing the SOW. This section defines the specific tasks to be completed but does not include data deliverables. Data deliverables will be addressed in the Contract Data Requirements List section F. This subsection describes typical features of the SOW that are included to assure compliance with prudent EV practices. **Appendix B** contains a sample SOW passage for CPR that can be tailored to meet the requirements of a program. The features of EV normally covered in the SOW are Program Management Review, Integrated Baseline Review, the Work Breakdown Structure, Contractor Integrated Performance Management, and Award Fee Criteria (if applicable). Those elements requiring a data item deliverable will have a corresponding CDRL to facilitate the deliverable.

1. Program Management Review (PMR)

Program Management Reviews are typically held on a quarterly basis and involve Government Integrated Product Team members and Contractors reviewing the program status. The review includes such topics as cost, schedule, and technical performance. It should also include a quantified risk assessment with program impacts and provide a means of identifying action items and ensuring that they are completed. As each manager presents, they should integrate the EV data into the presentations to give an overall picture of cost, schedule, and technical performance.

2. Integrated Baseline Review (IBR) / Pre-Award IBRs

The IBR is a review of the Contractor's baseline plan to complete the contract effort. The review is intended to benefit the PM and technical staff (IPT) to ensure the Contractor baseline includes all the scope of work, consistent with contract schedule requirements, adequate resources are assigned to complete the task, and understand the Earned Value methods for statusing technical progress. In addition, the IBR should address the management processes that will be used by the Contractor to manage the effort. The IBR is not intended to be a Management System Review, but rather a risk mitigation tool identifying inadequate or poorly planned baselines and allowing for corrections early on in the program allowing the greatest opportunity for success. Finally, IBR assesses cost, schedule, technical, resource, and management systems risk. The assessment of any of these areas may be expanded as risk warrants.

CEVM CONTRACT REQUIREMENTS TOOLKIT

The SOW should require the Contractor to conduct an IBR at some reasonable point in time after contract award when the performance measurement baseline has been established and a couple months of data have been accumulated. This amount of time should not exceed six (6) months. The SOW should require the Contractor to demonstrate with evidence and to show all appropriate documentation to support a proof of an executable baseline.

An increasing number of DoD programs are using Pre-Award IBRs. These can be used as part of the down-select process in a competitive award or to assess the plan prior to award in a sole-source environment. In either case, it is a risk-based decision and will facilitate a mutual understanding of expectations prior to award, thus reducing the impact of contract modifications at a later date. A Pre-Award IBR does not eliminate the need for a Post-Award IBR because negotiations can impact the plan. However, the post award IBR could be tailored to the specific areas impacted by negotiations or to areas not addressed at the Pre-Award IBR.

3. Work Breakdown Structure

A program Work Breakdown Structure (WBS) establishes the framework for program and technical planning, cost estimating, resource allocations, performance measurements, and status reporting. The WBS shall be tailored for each program using MIL-HDBK-881A as a guide. MIL-HDBK-881A shall be cited in solicitations and contracts “for guidance only” in extending the program WBS to develop the complete Contract WBS (CWBS).

The Program Office develops a general WBS to Level III of the structure, using MIL-HDBK-881A as a guide, which will become the cost reporting structure for CPR and CCDR reporting. The WBS structure is normally prepared in conjunction with the CCDR Data Plan as the WBS will dictate the format for reporting historical cost information. The Contractor will tailor the general WBS to an appropriate lower level; adding program specific elements as necessary for managing the program creating the CWBS and Dictionary. The CWBS will represent the common framework for cost reporting (i.e. CPR and CCDR) allowing cost comparisons across programs.

Many Contractors manage via the WBS. However, some manage via IPTs or through the Organizational Breakdown Structure (OBS). It is beneficial to the Government and often to the Contractor for the SOW to require the Contractor to map and correlate WBS items with OBS items or IPT structures. It is often advantageous to require a correlation of the WBS/OBS/IPT with the SOW. This gives the Government a clearer picture of how the program will be managed, what individuals or groups are responsible for what portions of the program, and how cost/schedule data will be collected and summed to higher levels. The analyst should use the requirements of each specific program to tailor the level of detail required. If desired, the analyst can suggest that the Contractor set up the IPT structure to match the SOW as well as the WBS.

4. Contractor Integrated Performance Management

CEVM CONTRACT REQUIREMENTS TOOLKIT

Earned Value Management is a tool that facilitates Integrated Performance Management (IPM). The requirement for EVM is placed on a contract by invoking the Earned Value Management Clause DFARS 252.242-7002. The EVM clause requires the Contractor to establish an EVM system that has been formally validated against the 32 guidelines contained in the ANSI/EIA-748. On programs which do not meet the threshold (less than \$50 Million) for validation, the SOW language can be tailored to exclude the requirement for a formal validation via language inserted in the SOW paragraph, i.e. “In regard to DFARS 252.242-7001 and 252.242-7002, the Contractor is required to have an Earned Value Management System that complies with ANSI/EIA-748; however, the Government will not formally validate/accept the Contractor’s management system (no formal review).”

The Contractor should be required to submit monthly CPR and IMS deliveries in accordance with the respective Data Item Descriptions; DI-MGMT-81466A and DI-MGMT-81650. Only if both parts of the team, Government and Contractor, are working from the same plan, can there be a true understanding of the program schedule status. [The Government may also wish to define how the schedule is submitted. By defining an electronic format in the SOW or in the CDRL, the Government can avoid software problems interfacing with the Contractor data.]

5. Over Target Baseline (OTB)/Over Target Schedule (OTS)/Restructure Approval

EVMS criteria do not require the Contractor to obtain customer approval prior to implementing an OTB/OTS and Restructuring action. This has been an issue on several contracts as Contractors will OTB/OTS/Restructure the baseline eliminating trend data, cost/schedule variances reset to zero. To prevent unnecessary and uncontrollable changes to the baseline, the Contractor is required to submit a formal request to the customer as well as detailing the procedures for implementing the OTB/OTS or Restructure action. The Contractor will not be able to implement the OTB/OTS without formal approval from the Contracting Officer. Following implementation of the OTB/OTS or Restructure, it is recommended the CPR variance thresholds, specified in the CDRL, be reevaluated to ensure the Contractor reports on significant variances in Format 5.

6. Earned Value Requirements Flow-down

The majority of contracts awarded today involve numerous Contractors and often the subcontracted portion could exceed the prime’s efforts. Low dollar efforts may/may not equate to low risk and can become program cost/schedule drivers. OSD recognized the subcontract represent a significant portion of today’s contract risk and reduced EVMS reporting thresholds to include more subcontractors; OSD policy requires subcontracts over \$50M have a validated system and those between \$20M and \$50M must be compliant with ANSI/EIA-748.

D. SPECIAL CONTRACT REQUIREMENT

Award Fee Criteria

CEVM CONTRACT REQUIREMENTS TOOLKIT

In an effort to incentivize Contractor's performance, a contract fee structure may contain an Award Fee. The Award Fee can be a powerful management tool to elicit improvements in areas of key technical parameters, communication, responsiveness, and timeliness and quality of the data submissions. An Award Fee is comprised of two elements, an Award Fee Plan, and Award Fee Criteria. The Award Fee Plan is the document that identifies the evaluation periods, available award fee pool by period and the award fee criteria to be used in evaluating the Contractor's performance. There are typically multiple award periods, each containing a set of generic criteria common across all award fee periods and some criteria are specific to a single evaluation period. The Award Fee Criteria will typically have three main areas: Program Management, Technical, and Logistics. Each area will contain criteria pertinent to that subject area. Earned Value Management is one element of the criteria that typically lies in the Program Management section. The cost analyst will be required to provide subjective evaluations of the Contractor's performance in regards to those criteria contained in Section H (Contract Special Requirements).

Award fee is intended to be a qualitative assessment. Programs often aim to add concrete measurements such as CPI and SPI targets. This should be avoided as it may incentivize the contractor to manage the data instead of the program. Cost and schedule targets can be incorporated into an incentive fee structure. A sample Award Fee Criteria is provided in **Appendix C**.

E. DCMA/SUPSHIP - MEMORANDUM OF AGREEMENT (MOA)

The Memorandum of Agreement is a formal negotiated agreement between the Program Office and the local Defense Contract Management Agency (DCMA) or SUPSHIP (Navy's Supervisor of Shipbuilding) having plant oversight responsibilities. DCMA and SUPSHIP are defined in this toolkit as the Contract Management Office (CMO). The CMO is the office that is assigned to administer contractual activities at a specific contractor facility or regional area in support of the PMO.

FAR 42.302 contains basic surveillance activities contained in a standard MOA, but often the PM will expand the MOAs scope to include additional contract administration tasks not normally delegated to the CMO. The PM has overall responsibilities for the contract's cost, schedule and technical performance and will negotiate with the CMO to tailor the surveillance plan to each particular contract. The EVM Analyst role is to assist the PM in tailoring specific EVMS surveillance activities contained in the MOA and to encourage the PM to establish MOAs with the local CMO.

The MOA defines specific surveillance actions, priorities, reporting requirements, and include support from engineering, manufacturing, contract administration, earned value, and quality. The CMO representatives will assist in identifying key areas of risk where resources can be focused for maximum program benefit. IPT activities, program status, and significant issues will be reported to the Program Office. MOAs are not required but are highly suggested as the CMO can provide valuable support in assisting the IPT in

CEVM CONTRACT REQUIREMENTS TOOLKIT

program execution. Program dynamics/developments warrant periodic reviews of the MOA to maintain surveillance effectiveness.

A sample tailored MOA is provided in **Appendix D**. The sample MOA provided is a boilerplate document for EVMS requirements and does not represent a complete MOA. As stated previously, a MOA would include surveillance actions/requirements from other IPT disciplines, e.g. engineering, manufacturing, contract administration, etc. The sample MOA can be used as a stand-alone document or input to the Program Office's MOA. The main focus of the EVMS MOA is to emphasize the CMO's focus on the Contractor's system compliance with the DoD EVMS criteria and less emphasis on performing monthly data analysis. The CMO will perform periodic data analysis to ensure the Contractor's system is functioning correctly. If the CMO provided monthly EV analysis to the PM, it would be a duplication of effort. The CMO's effort should be focused on system implementation/compliance with the criteria ensuring data validity.

Additional guidance regarding CMO functions is provided in DoDs EVM Implementation Guide dated October 2006, FAR Part 42, and the DCMA Instruction/Guidebook.

F. CONTRACT DATA REQUIREMENT LIST (CDRL)

1. CDRL Preparation

Once it is established what type of reporting is required, it's time to tailor requirements in the form of a CDRL (DD Form 1423). The CDRL is the contract vehicle that requires the Contractor to provide the Government a product deliverable. Each CDRL references a Data Item Description (DID). The DID identifies the deliverable, e.g. CPR, in terms of format and content preparation necessary to satisfy the contract requirement, provided the full DID is invoked and nothing was streamlined out of the report. The CDRL describes the how and when of the DID and allows the analyst the flexibility to tailor the DID as necessary for each individual program.

Provided below are sample CDRLs for cost related product deliverables as well as an explanation for some of the peculiarities contained in the CDRLs.

Block A Contract Line No. - Enter the Contract Line Item No. (CLIN) associated with the CDRL. This is normally completed by the contract specialist assigned to the program.

Block B Exhibit - Enter the Exhibit alpha designation for the CDRL. Each CDRL should contain a unique alpha identifier containing a single or double alpha designation. In contract terms, Exhibit is clearly distinguished from an attachment as it establishes the requirement for a product deliverable.

Block C Category - This block is used to group like CDRLs according to three main categories: Technical Data Package (TDP), Technical Manuals (TM) and Other. Check the appropriate category for the CDRL item. For the Cost CDRLs we will check "Other" which includes remaining types of CDRLs such as Admin, CM, Mgmt., and etc.

CEVM CONTRACT REQUIREMENTS TOOLKIT

Block D System/Item - Enter the system, item, project designator, or name of services being acquired that the data will support.

Block E Contractor/PR No. and Block F Contractor - Remain blank until after contract award.

Block G Prepared By - Enter the name and signature of the CDRL preparer or the name of the activity responsible for preparation of the CDRL.

Block H Date - Enter the date the CDRL was prepared.

Block I Approved By - Enter the name and signature of the individual responsible for approving the CDRL.

Block J Date - Enter the date the CDRL was approved.

Block 1 Data Item No. - This field is normally completed by the contract specialist assigned to the program/preparing the Request for Proposal (RFP).

Block 2 Title of Data Item - Enter the title of the Data Item as it appears in the Data Item Description (DID) referenced in Block 4.

Block 3 Subtitle (Optional) - Enter the subtitle of the DID for further definition.

Block 4 Authority - Enter the DID number.

Block 5 Contract Reference - Enter the reference to the tasking in the contract that generates the requirement for the data item (e.g. SOW paragraph number).

Block 6 Requiring Office - Enter the office responsible for reviewing the product deliverable.

Block 7 DD250 Req - This block is utilized to identify Government inspection and acceptance requirements for items being DD250 to the Government. Cost CDRLs do not require acceptance procedure as the data is Contractor furnished information provided to the Government and cannot attest to the accuracy of the data. The appropriate code to enter is LT (Letter of Transmittal) that designates the contracting agency does not require inspection and desires to have a record of delivery to the activities listing in the distribution block.

Block 8 App Code - Enter "N/A" in this block.

Block 9 Distribution Statement Required - The information being provided by the Contractor is unclassified, but proprietary, and therefore there are no special statements other than "FOUO" (For Official Use Only).

CEVM CONTRACT REQUIREMENTS TOOLKIT

Block 10 Frequency - Enter the frequency of the submittal, e.g. Monthly (MTHLY), Quarterly (QRTLY), Annually (ANNLY), Semi-annually (SEMIA), one time with revisions (One/R). If it is decided to request submittal with specific constraints, such as X number of months after contract award, Block 16 Remarks should be utilized to accommodate such requirements.

Block 11 As of Date - If the data will require a one-time submittal, enter the cutoff date for data collection purposes. If the data is to be submitted multiple times, enter a number to indicate how many days before the end of the month, quarter or year depending on frequency established in Block 10. Placing an "O" in the block would place the As of Date at the end of each reporting cycle established in block 10. Block 16 may be used for further explanation. If an "As of Date" is not applicable, enter "N/A" in block 11.

Block 12 Date of First Submission - Enter the initial submission date as follows: year/month/day (e.g., "01Mar10". If submittal is constrained by a specific event or milestone, enter that constraint. If the contract start date is not known, indicate the number of calendar days after contract (DAC) start that the data is due (e.g., "90 DAC"). Do not insert classified dates.

Some other useful abbreviations for Block 12 are:

ASREQ	As required*
XXDAC	Days after contract start**
EOC	End of contract
EOM	End of month
EOQ	End of quarter
XDACM	Days after contract modification**
XDARP	Days after reporting period**

*Provide specific instructions for these requirements in block 16.

**A number must be inserted in place of the "X".

Block 13 Date of Subsequent Submission - If the data is required to be submitted more than once, enter the date(s). If the submittal is constrained, explain subsequent submission in Block 16. In addition to the monthly CPR, a periodic submission of a history file that contains the EV data from inception to date is required. The wInsight equivalent to this is the WSA backup file. The first submission of the history file will coincide with the first CPR submission to the CR and subsequently will be submitted on an annual basis and after each major contract re-baseline.

Block 14 Distribution - Enter the addresses and the corresponding number of copies, i.e. draft or Final (regular/reproducible) to each addressee. Per OUSD (AT&L) memo on Central Repository dated 11 July, 2007, add the DCARC as a distribution point as follows: All CPR-related forms must be electronically forwarded to the central repository at the DCARC Web site at <https://ders.dcarc.pae.osd.mil/DCARCPortal/>.

CEVM CONTRACT REQUIREMENTS TOOLKIT

Block 15 Total - Enter the total number of draft and final (regular and reproducible) copies.

Block 16 Remarks - This block is used to provide additional information or tailor requirements for information contained in DID or Blocks 1-15 of DD Form 1423.

2. CDRL Tailoring

Tailoring CDRLs ensures cost reporting requirements provide the proper level of cost/schedule visibility ensuring the Program Office has an early warning on potential risk areas. Provided below are sample CDRLs for CPRs, WBS, CCDR, CFSR, and IMS. Following each sample is a discussion of the main elements of the items contained in Block 16 Remarks section. Much of the tailoring in Block 16 is straight forward but some is more complex and the rationale for customizing CDRLs warrants discussion to ensure the analyst understands the significance.

Contract Performance Report

The CPR is the primary vehicle for receiving earned value data. The other requirements discussed herein provide additional information augmenting the data received via the CPR.

As discussed earlier, there are 5 possible formats for the CPR. Request all five formats and then discuss the value of each format with the PM/IPT Lead. In the fact-finding stage, the PM can tailor the requirements based on cost/schedule/technical risk.

Formats 1 and 2 are virtually identical in the information presented, the difference is in how the EV data is collected and reported. In Format 1, data is collected by WBS element vice by functional or organizational elements in a Format 2. Government and the majority of Contractors operate in the IPT environment and Format 2 facilitates the management process as well as communication between their counterparts as individual IPT members are able to clearly identify their cognizant area's performance. It is recommended that both formats be required on the same contract because historically Contractors continue to make changes to the IPT structure (add/delete teams) as well as composition of individual IPTs. Perturbations in the IPT structure distort trend data and make forecasting future performance difficult. Format 1 will have much more stability and is less subject to perturbation in trend data regardless of what occurs in Format 2. The header information on these formats includes relevant cost information. It states the Negotiated Cost, Authorized Unpriced Work, Target Fee, Target Price, and the Contractor's best, worst, and most likely Estimates at Completion. For each element, Formats 1 and 2 also provide the 5 data points necessary to calculate earned value performance: Budgeted Cost of Work Scheduled, Budgeted Cost of Work Performed, Actual Cost of Work Performed, Budget at Completion, and the Contractor's Latest Revised Estimate. These 5 data points are reported both cumulatively and for the current report period along with their respective variances.

Format 3 is the Baseline Change Report. This format states the Budgeted Cost of Work Scheduled (BCWS) to date and projects BCWS (e.g. monthly) scheduled into the future. The budget forecast in the future periods is a snap shot in time and indicates the

CEVM CONTRACT REQUIREMENTS TOOLKIT

beginning balance for each period and then indicate adjustments to the baseline which result in an end of the period balance. Baseline changes can be the result of authorized changes, management reserve usage, and internal re-planning, i.e. future work shifts to near periods or future periods. Significant changes to the baseline should be addressed in Format 5 of the report.

Format 4 is the Manpower Loading Report. It allows the analyst to see resource requirements, in Equivalent People months, planned in the out periods. This format can be tailored to report in Equivalent days or hours, if desired. The analyst can then compare planned resources in the out periods versus actual resources expended and determine if the Contractor is achieving/exceeding staffing requirements and will they be sufficient to accomplish the work scheduled. This is particularly important when analyzing Contractor's forecast for WBS/Functional LRE. It can provide an insight to areas where performance may have problems due to resource constraints. Baseline changes reflected in Format 3 should correlate to Format 4, i.e. budget shifts should have a corresponding shift in allocated resources.

Format 5 is the Variance Analysis Report. This report addresses cost/schedule variances and changes to the first 4 formats, as well as the causes, impacts and corrective actions related to these variances. Not every discrepancy is reported, just those that exceed the reporting thresholds set in Block 16 of the CDRL.

In addition to these 5 formats, the DID requires the Contractor to maintain Management Reserve (MR) and Undistributed Budget (UB) Logs. These logs track budget transfer to and from MR and UB. These logs facilitate tracking budget usage to ensure that they are used for in-scope task and within Earned Value Management Guidelines.

For all contracts requiring EVM that are \$20M or greater, Formats 1 and 5 are mandatory. For all contracts valued at \$50M or greater, Formats 1 - 5 are mandatory.

Remarks Explanation Block 16:

Date of First Submission: Contractors typically follow an accounting calendar when establishing the CPR month end cut off dates to record technical accomplishment (BCWP) and actual cost of work performed (ACWP). The end of an accounting cycle does not necessarily coincide with the end of the month. Thus, the CDRL verbiage ensure the Government receives timely data within a specified time, i.e. 12 working days after the accounting period's close, since some accounting months may conclude several days or even a week prior to the end of the month. In addition to the monthly CPR, a periodic submission of a history file that contains the EV data from inception to date is required. The wInsight equivalent to this is the WSA backup file. The first submission of the history file will coincide with the first CPR submission to the CR and subsequently will be submitted on an annual basis and after each major contract re-baseline

CEVM CONTRACT REQUIREMENTS TOOLKIT

Date of Subsequent Submissions: The most time consuming format of the CPR report is typically Format 5 while the other formats are a few keystrokes in a system to yield a report.

Format 5 is the section that contains variance analysis explanation for reporting variances that exceeded contract report thresholds. Instead of waiting for the entire CPR report to be completed by the Contractor, we can request the first four formats within a few days after the close of the Contractor's accounting month. This early look ahead enables the analyst to perform a top level contract assessment and provide the PM a quick look ahead prior to the final analysis which is not available to the end of the month.

Distribution and addresses: Prepare CPR data in electronic format in accordance with current EVM policy standards for file format in accordance with the detailed instructions contained in Data Item Description DI-MGMT 81466A (most recently approved version). This requires Formats 1-4 be submitted in an electronically readable form factor matching the ANSI X-12 839 Transaction set or XML equivalent. TRN and wInsight XML files are also acceptable. In addition, the submission shall include one human readable backup (XLS, PDF, DOC, etc.) of Formats 1-4. To control submission size, the submission shall not have more than one backup of the formats. Format 5 shall be submitted in a human readable form factor. The same human readable file may be used for Formats 1-5 (for example, a single PDF file with all five formats). Submissions shall not include macros, program executables, embedded objects or external links.

For all ACAT I programs, add the DCARC as a distribution point in Block 14 as the Central Repository (CR). All CPR-related forms must be electronically forwarded to the central repository at the DCARC Web site at <https://ders.dcarc.pae.osd.mil/DCARCPortal/>.

CEVM CONTRACT REQUIREMENTS TOOLKIT

CONTRACT DATA REQUIREMENTS LIST <i>(1 Data Item)</i>		
A. CONTRACT LINE ITEM NO.	B. EXHIBIT	C. CATEGORY: TDP _____ TM _____ OTHER _____
D. SYSTEM/ITEM	E. CONTRACT/PR NO.	F. CONTRACTOR
<p>16. REMARKS <i>(Continued)</i></p> <p>5. Block 16 - Remarks:</p> <p>5a. Format 1 Instructions:</p> <p style="margin-left: 20px;">5.a.1. Contract Work Breakdown Structure (CWBS) elements shall be reported in accordance with the CSDR (Cost and Software Data Reporting) plan attachment X, except for the following:</p> <p style="margin-left: 40px;">5.a.1.1. CWBS XXX,XXX,XXX shall be reported at level XX.</p> <p style="margin-left: 40px;">5.a.1.2. When the budgeted value of a Level three CWBS element budget exceeds 20% of the Contract Budget Baseline (CBB) then such element will be reported at a lower level where none of the lower reporting elements exceed 20% of the CBB.</p> <p>5b. Format 1 and Format 2 Instructions: Reporting levels will be reviewed periodically, and may be adjusted by contract modification with no change to the contract price.</p> <p>5c. Format 3 Instructions: Significant differences (absolute values exceeding +/- 5%) between the Performance Measurement Baseline (PMB) at the beginning and end of each specified period shall be explained in Format 5.</p> <p>5d. Format 4 Instructions:</p> <p style="margin-left: 20px;">(5.d.1.) The contractors estimate-to-complete projections shall be used for time phasing equivalent staff months for each organizational category specified in Format 2.</p> <p style="margin-left: 20px;">(5.d.2.) Significant changes that require explanations in Format 5 are those that change the absolute value of the projected total staff-months at completion of any organizational or functional category by more than +/-5%.</p> <p>5e. Format 5 Instructions:</p> <p style="margin-left: 20px;">(5.e.1.) Problem analyses and narrative explanations shall be required for Format 1 elements when cost/schedule variances fall within the following categories:</p> <ul style="list-style-type: none"> o 5 largest current cost variances exceeding +/- \$100K or +/- 5% o 5 largest current schedule variances exceeding +/- \$100K or +/- 5% o 5 largest cumulative cost variances exceeding +/- \$250K and +/- 5% o 5 largest cumulative schedule variances exceeding +/- \$250K and +/- 5% o 5 largest variances at completion exceeding +/- \$250K and +/- 5% o other cost and schedule variances or technical performance issues that are causing or are likely to cause significant schedule delays or cost overruns. <p style="margin-left: 20px;">(5.e.2.) Narrative explanations required and variance thresholds will be reviewed periodically, and may be adjusted by contract modification with no change in contract price.</p> <p style="margin-left: 20px;">(5.e.3.) Schedule variance narratives shall identify significant missed milestones, impact to major milestones, and expected recovery dates.</p> <p style="margin-left: 20px;">(5.e.4.) If there are no changes to the reportable element problem analysis, expected impacts, or corrective action status then specify, "no changes since the last reported analysis" and reference the CPR date when the narrative was reported.</p> <p>5f. CPRs required from subcontractors will be provided electronically using the ANSI X12 Transaction Set 839 specification or the XML equivalent.</p>		

CEVM CONTRACT REQUIREMENTS TOOLKIT

CPR Format 1 Instructions: Most reports are at level 3 of the CWBS, but in certain cases lower level reporting is required to provide the proper program visibility. When more than 20% of the effort is associated with a single WBS element, there is a potential masking effect since too much scope of work is lumped into a single category. In such cases we request the Contractor go to the next level to provide the proper insight into the program without driving down to an extreme low level. By the same token, if a level 3 element has less than 1% of the CBB, there is very little benefit derived from extreme detail and the Contractor may report at level 2.

CPR Format 2 Instructions: Identifying material as a non-add item provides the analyst visibility into material at a total contract level. All costs will still remain in each WBS element, but it provides a breakout that enables the analyst to perform more in-depth material analysis. The term non-add simply means the extra line item (material) will not sum to the total since material is accounted for in each OBS element. Material visibility is useful in contract efforts that contain a high percentage of material. Efforts that are more labor intensive would not benefit from the added visibility.

CPR Format 5 Instructions: This section identifies the variance reporting thresholds that will require variance analysis. Most often it is expressed in terms of the top five largest variances or those exceeding +/-50K. A preferred method is to use a combination of both. The use of a percentage alone is insufficient since a low dollar control account could yield large percentages but not mean a great deal in terms of the entire effort. Also a large control account may have large dollar variance, but may not be significant in terms of percentages. That being the case, a dollar and percentage criteria is strongly suggested for reporting thresholds to ensure the significant variance are explained. When establishing dollar thresholds, the analyst must be careful to establish a reasonable dollar threshold. If the dollar threshold is set too high the program may not trip the threshold. Too low a threshold may trigger insignificant variances. The analyst needs to consider the relative dollar sizes of control accounts. For example, a \$25K or \$50K variance on a billion dollar contract is much too small.

Formats 3 and 4 do not typically receive tailoring, except for defining the out periods to be reported. Formats 1 and 2 can also be modified to require certain elements to be reported regardless of the relative value. This would be done for elements that are especially important to completing the program even though they are of relatively small value; however, this is not typically done. Most of the tailoring in the CPR is done with the Format 5: reporting thresholds and the number of write-ups as discussed above.

Contractor Work Breakdown Structure

The Contractor's WBS helps to define how the Contractor will divide the work and report progress. Although the Contractor is usually permitted to create its own WBS as long as it conforms to Mil-HDBK-881, the Government may impose a WBS upon the Contractor. This may be done if the program office has already created a WBS for the entire program, and this effort is just a small portion, or if the Government believes that their structure will provide the best insight into the program. The Contractor is usually

CEVM CONTRACT REQUIREMENTS TOOLKIT

required to update the CWBS and the Dictionary after significant changes have been made.

Remarks Explanation:

Block 4 Supplemental Instructions:

Part I INDEX

The DID requires a table be provided listed by WBS element that identifies the contract line item and SOW by paragraph which will be included in each WBS element. It is common for multiple WBS elements to cross more than one SOW paragraph or contract line item. This approach makes it difficult to walk from the SOW or CLIN structure back to the WBS element. Therefore the CDRL is tailored to request a matrix that will trace from the SOW or CLIN back to all those effective WBS elements.

Part II CWBS Dictionary:

The CDRL requires the Contractor to provide more than a description of the scope associated with an element but include a listing of functional/organizational resources to be applied towards those tasks. This identifies organizational responsibility and will assist the analyst to cross-walk between Format 1 (WBS) and Format 2 (Functional IPT structure) of the CPR, since in many instances the Contractor manages and often reports cost data in a Functional IPT format.

The CWBS is generally not tailored very much except for what has been mentioned above.

CEVM CONTRACT REQUIREMENTS TOOLKIT

CONTRACT DATA REQUIREMENTS LIST						Form Approved OMB No. 0704-0188		
(1 Data Item)								
Public reporting burden for the collection of information is estimated to average 110 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503. Please DO NOT RETURN your form to either of these addresses. Send completed form to the Government Issuing Contracting Officer for the Contract/PR No. listed in Block E.								
A. CONTRACT LINE ITEM NO.		B. EXHIBIT A		C. CATEGORY TDP _____ TM _____ OTHER _____				
D. SYSTEM/ITEM			E. CONTRACT/PR NO.		F. CONTRACTOR			
1. DATA ITEM NO.	2. TITLE OF DATA ITEM Contract Work Breakdown Structure				3. SUBTITLE			
4. AUTHORITY (Data Acquisition Document No.) DI-MGMT-81334			5. CONTRACT REFERENCE		6. REQUIRING OFFICE			
7. DD250 REQ LT	9. DIST STATEMENT REQUIRED D	10. FREQUENCY SEE 16		12. DATE OF FIRST SUBMISSION SEE 16		14. DISTRIBUTION		
8. APP CODE N/A		11. AS OF DATE N/A	13. DATE OF SUBSEQUENT SUBMISSION SEE 16		a. ADDRESSEE		b. COPIES	
16. REMAR Block 4 Supplemental Instructions for Completion of CWBS. 1. Part I INDEX. Provide a matrix identifying the contract line item and SOW to the WBS elements. 2. Part II CWBS DICTIONARY. The Dictionary will provide a description of every CWBS element and contractor task essential to fulfill the element description. The task description will include summary identification of the functional/organizational resources to be applied. (a) The elements shall be in the same order as the Part I INDEX. (b) The WBS element number shall precede the WBS element title. 3. The CWBS will be based upon the WBS included in contract Attachment 3. If the WBS is not included, the CWBS will be developed using the latest version of MIL-HDBK-881 as a guide. The Contractor may use its own WBS element numbering scheme as long as the WBS integrity, as provided by the guidance in MIL-HDBK-881, is maintained. Blocks 11-13: Initial submission is required within thirty (90) days after contract award. Provide updates to previously approved CWBS, as required. The CWBS will be provided as an electronic file.								
					15. TOTAL →		0	0
G. PREPARED BY		H. DATE	I. APPROVED BY		J. DATE			
DD Form 1423-1, JUN. 90		17. PRICE GROUP	18. ESTIMATED TOTAL PRICE		Page of Pages			

CEVM CONTRACT REQUIREMENTS TOOLKIT

Cost and Software Data Report

The Cost Team or Cost Analyst is responsible for preparing the Cost and Software Data Report package (i.e. SOW and CDRL) and Earned Value Analyst is responsible for EV requirements. The Cost Team will coordinate a single Cost Data Requirements package for incorporation into the contract.

Contract Funds Status Report

The CFSR differs from the other cost reports in that it describes funding. The analyst and the program office can use this report to determine if the current level and rate of funding is sufficient or find ways to limit the Government liability. The difference between cost and funding is the inclusion of fee. The CPR collects performance at cost while the CFSR reports total funds.

The CFSR lists how the Contractor expects to spend funds in the upcoming months and includes any termination costs that could be passed on to the Government. Compare the spend plan to the BCWS for the same periods and known factors that effect cost performance. Although the planned rate for the BCWS and the rate reported on the CFSR will not match exactly, they should generally follow the same pattern. Normally, the actual-to-date on the CFSR should be equal or greater than ACWP contained in the CPR because fee is excluded from the CPR. If the two reports do not follow similar patterns the analyst is required to perform research to determine root cause.

There are no thresholds established for invoking a CFSR, but these reports are usually used for incrementally funding Cost contracts and not for Fixed Price contracts. Fixed Price contracts are generally fully funded up front, so all of the Government's liability is identified and covered at the beginning of the contract. There are exceptions; 1) Fixed Price Incentive contracts are generally funded to the target price vice ceiling price and 2) when there is a large percentage of unpriced work on the FFP contract (in excess of 20% of the initial contract value).

Contracts that are less than \$1.2 million FY96 constant dollars should be evaluated carefully to ensure that only minimum information is required.

Typically, the CFSR does not receive tailoring. The required frequency may be defined to meet the customer's needs, but quarterly is usually sufficient. A higher frequency usually becomes over-burdensome while a lower frequency may not be timely enough. The out-year projections can also be defined other than the default in the DID.

Remarks Explanation

Supplemental Instructions - All of the columns provided in the CFSR are defined. The analyst can define them to match the needs of the program office. Often the Contractor is required to define fee, overruns and the cost share in the remarks section. This can aid in translating the funding data into cost data. The CFSR is straightforward and does not receive much tailoring.

CEVM CONTRACT REQUIREMENTS TOOLKIT

Integrated Master Schedule (IMS)

The IMS DID requires a networked description of tasks with defined interdependencies capable of determining the critical path. Without a well-defined CDRL or SOW, a schedule could merely report what tasks need to be accomplished without ever defining how those activities affect each other.

The ability to calculate a critical path is probably the most important characteristic of the IMS, but the DID also requires summary, intermediate, and detailed levels of reporting and periodic analysis including schedule risk analysis. Although the DID is very general in how the Contractor must develop the schedule, it lists several items that must be included, such as: early start/finish, late start/finish, percent complete, and constraints.

IMS deliverable is a valuable tool for the Government team to gain insight into how the Contractor plans to execute the baseline program including workaround plans. Workaround plans typically involve performing more activities in parallel vice serially, in an attempt to hold the contractual end date thus compressing the end of the program. The end of the program is often the area with the greatest risk since this is where the Hardware and Software (if applicable) come together and enter the Integration and Testing phase. Workaround plans increase program schedule risks that often lead to increased program cost. The analyst should evaluate the increased risk when performing EAC and monthly analysis, and determine whether schedule is executable with a given level of acceptable risk.

Remarks Explanation

Block 12-Date of First Submission. The date of the first submission is usually 90 days after contract award. This coincides with the usual delivery of the first CPR. It will take approximately this amount of time to complete the planning required to develop the schedule and get at least a month of data to measure performance against.

Block 13-Date of Subsequent Submissions. Often, the date of all other submissions is 12 working days after the close of the Contractor's monthly accounting period. Again, this falls in line with the CPR delivery date. Comparing the CPR performance with the IMS can validate what is being reported, and can provide more in-depth analysis of schedule impacts than the CPR alone can provide. Prepare IMS data in electronic format in accordance with current EVM policy standards for file format in accordance with the detailed instructions contained in Data Item Description DI-MGMT 81650 (most recently approved version). In addition to the monthly IMS submitted to the DoD program manager and other designated addressees, an additional submission must be made quarterly to the central repository as discussed below in Block 14. The first IMS quarterly submission will coincide with the first submission of the Contract Performance Report (CPR) to the CR.

Block 14-Distribution. Enter the addresses and the corresponding number of copies, i.e. draft or Final (regular/reproducible) to each addressee. Per OUSD (AT&L) memo on Central Repository dated 11 July, 2007, add the DCARC as a distribution point. All

CEVM CONTRACT REQUIREMENTS TOOLKIT

CPR-related forms must be electronically forwarded to the central repository at the DCARC Web site at <https://ders.dcarc.pae.osd.mil/DCARCPortal/>.

Block 16-Remarks. In this section, the thresholds for schedule analysis reporting can be defined. Possible thresholds are changes to the critical path, where elements move by more than 2 weeks, where slack for key milestones is less than 1 week. Other reporting requirements can also be defined here, such as special schedule status of key tasks/items regardless on whether they fall on the critical path.

CEVM CONTRACT REQUIREMENTS TOOLKIT

CONTRACT DATA REQUIREMENTS LIST <i>(1 Data Item)</i>						Form Approved OMB No. 0704-0188							
The public reporting burden for this collection of information is estimated to average 110 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Executive Services Directorate (0704-0188). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. Please do not return your form to the above organization. Send completed form to the Government Issuing Contracting Officer for the Contract/PR No. listed in Block E.													
A. CONTRACT LINE ITEM NO.		B. EXHIBIT		C. CATEGORY: TDP _____ TM _____ OTHER _____									
D. SYSTEM/ITEM			E. CONTRACT/PR NO.		F. CONTRACTOR								
1. DATA ITEM NO.	2. TITLE OF DATA ITEM Integrated Master Schedule (IMS)				3. SUBTITLE								
4. AUTHORITY (Data Acquisition Document No.) DI-MGMT-81650			5. CONTRACT REFERENCE			6. REQUIRING OFFICE							
7. DD 250 REQ	9. DIST STATEMENT REQUIRED FOUO	10. FREQUENCY See Block 16		12. DATE OF FIRST SUBMISSION See BLK 16		14. DISTRIBUTION							
8. APP CODE No		11. AS OF DATE See BLK 16	13. DATE OF SUBSEQUENT SUBMISSION See BLK 16		a. ADDRESSEE	b. COPIES							
				Draft		Final	Reg	Repro					
<p>16. REMARKS</p> <p>A Schedule Risk Assessment (SRA) is to be conducted quarterly. The government may elect to participate in the SRA process. The SRA will assess the following paths:</p> <ul style="list-style-type: none"> a. Project Critical Path – longest path through entire project b. Critical Path to next major milestone(s) c. Near Critical Paths to next major milestone(s) <p>The first narrative submission of the IMS is to provide the Basis and Assumptions (B&A) of the IMS. The B&A will outline all major program milestones and/or IMP events and document all associated programmatic schedule assumptions that were utilized in the development of the baseline plan.</p> <p>At a minimum, all monthly submissions will include a written schedule analysis to identify, document, and communicate changes of five (5) working days or greater to: the Project Critical Path, the next major milestone, and/or the Near Critical Path task/activity actual start and/or actual finish date variances from submission to submission.</p> <p>Work around and/or recovery schedules/plans, and associated impacts due to program changes shall also be provided. The schedule narrative shall address progress to date and discuss any significant schedule changes (i.e., added/deleted tasks, any significant logic revisions, and any/all programmatic schedule assumption change etc.).”</p> <p>Block 12: The first submission is due within 17 working days after the end of the first full accounting period following authorization to proceed. First submission shall include reporting to the Intermediate level schedule, at a minimum.</p> <p>Block 13: Subsequent submittals are due within 17 working days after the close of the contractor’s accounting period, all schedule levels.</p> <p>Block 14: All IMS related forms must be electronically forwarded to the central repository at the DCARC web site in native format on a quarterly basis only at https://ders.dcarc.pae.osd.mil/DCARCPortal/. Data will be provided in contractor’s approved scheduling system in its original format (e.g., Primavera, Open Plan Pro, Microsoft Project).</p>						DCARC		1	0				
						PM-xxx						1	0
						15. TOTAL						0	2
G. PREPARED BY			H. DATE		I. APPROVED BY		J. DATE						

17. PRICE GROUP
18. ESTIMATED TOTAL PRICE

CEVM CONTRACT REQUIREMENTS TOOLKIT

CONTRACT DATA REQUIREMENTS LIST		
<i>(1 Data Item)</i>		
A. CONTRACT LINE ITEM NO.	B. EXHIBIT	C. CATEGORY:
		TDP _____ TM _____ OTHER _____
D. SYSTEM/ITEM	E. CONTRACT/PR NO.	F. CONTRACTOR
<p>16. REMARKS <i>(Continued)</i></p> <p>Prime contractors are responsible for flowing down IMS requirements contained in their prime contracts to all subcontractors who meet the reporting thresholds. This Central Repository instruction applies to each separate IMS requirement included in the contract.</p> <p>Major critical non-Firm Fixed Price subcontracts with a dollar value greater than \$20M will have applied to them the requirements of DI-MGMT-81650, Integrated Master Schedule. IMS required from subcontractors will be integrated with the prime contractor's scheduling system. IMS' required from subcontractors will be provided in subcontractor's approved scheduling system in its original format.</p>		

CEVM CONTRACT REQUIREMENTS TOOLKIT

Another possible way to tailor the CDRL is to require the IMS file to work with wInsight and wInsight Administrator. To do this, certain fields in the IMS must match with the WBS / Functional elements in wInsight. C/S Glue links these fields with the WBS Number field in wInsight. These numbers must match exactly and must be entered for each task. If these two files are linked, it can provide the analyst with the ability to see cost and schedule impacts at the same time. It must be clearly defined in the CDRL how the Contractor needs to fill out the form in the IMS.

Considering that the DID requires the Contractor to include so much information in the IMS, this may be over burdensome for small Contractors/contracts of small value. In these cases, the Remarks section can be used to remove some of the requirements specified in the DID. The analyst should be careful not to remove too much, otherwise the Government will have to pay for a deliverable that could have been a work product for less money.

APPENDIX A - Standard EV Clauses

From Section 242 of the Department of Defense Federal Acquisition Regulation Supplement (DFARs):

DFARS 242.1106 Reporting requirements.

(a) See DoDI 5000.2, Operation of the Defense Acquisition System, for reporting requirements for defense technology projects and acquisition programs. Table E3.T2 of DoDI 5000.2 specifies the earned value management system (EVMS) thresholds. When an offeror proposes an EVMS plan, follow the review procedures at PGI 242.1106(a) ([Pop-up Window](#) or [PGI Viewer Mode](#)). The Defense Acquisition Guidebook provides additional guidance on earned value management and identifies when cost/schedule status reports are applicable.

(b) (i) Within four working days after receipt of the Contractor's report, the CAO must provide the report and any required comments to the contracting officer and, unless otherwise specified in the contract, the inventory control manager.

(ii) If the Contractor's report indicates that the contract is on schedule and the CAO agrees, the CAO does not need to add further comments. In all other cases, the CAO must add comments and recommend a course of action.

242.1107 Contract clause.

(a) When using the clause at FAR 52.242-2, include the following instructions in the contract schedule—

(i) Frequency and timing of reporting (normally five working days after each reporting period);

(ii) Contract line items, exhibits, or exhibit line items requiring reports;

(iii) Offices (with addressees/codes) where reports should be sent (always include the contracting office and contract administration office); and

(iv) The following requirements for report content—

- (A) The problem, actual or potential, and its cause;
- (B) Items and quantities affected;
- (C) When the delinquency started or will start;
- (D) Actions taken to overcome the delinquency;
- (E) Estimated recovery date; and/or
- (F) Proposed schedule revision.

242.1107-70 Solicitation provisions and contract clauses.

(b) When the Government requires Contractor compliance with DoD earned value management system criteria—

(1) Use the provision at [252.242-7001](#), Notice of Earned Value Management System, in solicitations; and

(2) Use the clause at [252.242-7002](#), Earned Value Management System, in solicitations and contracts.

DFARS 252.242-7001 Notice of Earned Value Management System.

As prescribed in [242.1107-70\(a\)\(1\)](#), use the following provision:

NOTICE OF EARNED VALUE MANAGEMENT SYSTEM (MAR 2005)

(a) The offeror shall provide documentation that the cognizant Administrative Contracting Officer has recognized that the proposed earned value management system (EVMS) complies with the EVMS criteria of DoDI 5000.2, Operation of the Defense Acquisition System, or that the proposed cost/schedule control system has been accepted by the Department of Defense.

(b) If the offeror proposes to use a system that does not meet the requirements of paragraph (a) of this provision, the offeror shall submit a comprehensive plan for compliance with the EVMS criteria.

(1) The plan shall—

(i) Describe the EVMS the offeror intends to use in performance of the contract;

(ii) Distinguish between the offeror's existing management system and modifications proposed to meet the criteria;

(iii) Describe the management system and its application in terms of the 32 EVMS criteria;

(iv) Describe the proposed procedure for administration of the criteria as applied to subcontractors; and

(v) Provide documentation describing the process and results of any third-party or self-evaluation of the system's compliance with EVMS criteria.

(2) The offeror shall provide information and assistance as required by the Contracting Officer to support review of the plan.

CEVM CONTRACT REQUIREMENTS TOOLKIT

(3) The Government will review the offeror's plan for EVMS before contract award.

(c) Offerors shall identify the major subcontractors, or major subcontracted effort if major subcontractors have not been selected, planned for application of the criteria. The prime Contractor and the Government shall agree to subcontractors selected for application of the EVMS criteria.

(End of provision)

252.242-7002 Earned Value Management System.

As prescribed in [242.1107-70\(a\)\(2\)](#), use the following clause:

EARNED VALUE MANAGEMENT SYSTEM (MAR 2005)

(a) In the performance of this contract, the Contractor shall use an earned value management system (EVMS) that has been recognized by the cognizant Administrative Contracting Officer (ACO) as complying with the criteria provided in DoDI 5000.2, Operation of the Defense Acquisition System.

(b) If, at the time of award, the Contractor's EVMS has not been recognized by the cognizant ACO as complying with EVMS criteria (or the Contractor does not have an existing cost/schedule control system that has been accepted by the Department of Defense), the Contractor shall apply the system to the contract and shall be prepared to demonstrate to the ACO that the EVMS complies with the EVMS criteria referenced in paragraph (a) of this clause.

(c) The Government may require integrated baseline reviews. Such reviews shall be scheduled as early as practicable and should be conducted within 180 calendar days after (1) contract award, (2) the exercise of significant contract options, or (3) the incorporation of major modifications. The objective of the integrated baseline review is for the Government and the Contractor to jointly assess areas, such as the Contractor's planning, to ensure complete coverage of the SOW, logical scheduling of the work activities, adequate resourcing, and identification of inherent risks.

(d) Unless a waiver is granted by the ACO, Contractor-proposed EVMS changes require approval of the ACO prior to implementation. The ACO shall advise the Contractor of the acceptability of such changes within 30 calendar days after receipt of the notice of proposed changes from the Contractor. If the advance approval requirements are waived by the ACO, the Contractor shall disclose EVMS changes to the ACO at least 14 calendar days prior to the effective date of implementation.

CEVM CONTRACT REQUIREMENTS TOOLKIT

(e) The Contractor agrees to provide access to all pertinent records and data requested by the ACO or duly authorized representative. Access is to permit Government surveillance to ensure that the EVMS complies, and continues to comply, with the criteria referenced in paragraph (a) of this clause.

(f) The Contractor shall require the following subcontractors to comply with the requirements of this clause:

(Contracting Officer to insert names of subcontractors selected for application of EVMS criteria in accordance with [252.242-7001](#)(c).)

(End of clause)

DFAR SUBPART 215.4--CONTRACT PRICING

(Revised June 21, 2005)

215.403-5 Instructions for submission of cost or pricing data or information other than cost or pricing data.

(b) When the solicitation requires contractor compliance with the Contractor Cost Data Reporting (CCDR) System (Army - AMCP 715-8, Navy - NAV PUB P-5241, and Air Force - AFMCP 800-15), require the contractor to submit DD Form 1921 or 1921-1 with its pricing proposal.

APPENDIX B - Statement of Work

PROPOSED STATEMENT OF WORK INPUT

CONTRACT PERFORMANCE REPORT (CPR)

Program Management Reviews: The Contractor shall conduct Program Management Review (PMR) meetings at mutually agreed upon dates and locations. During these reviews, the Contractor shall present integrated cost, schedule, and technical performance status. Integrated Product Team leads or functional managers shall include cost information in discussions of schedule status, technical performance and risk using Earned Value as an integrating tool. The following shall be addressed: Cost/schedule trends, significant cost/schedule/technical variances, projected impacts, quantified risk assessments, and corrective action plans.

Contractor Integrated Performance Management. DFARS 252.242-7001 and 252.242-7002 apply. The Contract Performance Report and Integrated Master Schedule shall be developed, maintained, updated/statused and reported on a monthly basis per CDRL (XXX) and (XXX) requirements, respectively. The Contractor shall establish, maintain and use in the performance of this contract, an integrated management system compliant with the Industry Guidelines for Earned Value Management Systems (EVMS) ANSI/EIA-748-98 as determined by the contracting officer. An EVMS that has been formally validated and accepted by the cognizant contracting officer is required for cost or incentive contracts, subcontracts and other agreements valued at or greater than \$50 million in then-year dollars. The application of these concepts shall provide for early indication of contract cost and schedule problems. Earned Value assessments shall correlate with technical achievement. A Compliance Review of the Contractor's validated EVMS will not be performed unless warranted by IBR results, surveillance, or cost and schedule data quality assessments.

For contracts valued at or greater than \$20 million but less than \$50 million in then-year dollars, the following statement applies: In regard to DFARS 252.242-7001 and 252.242-7002, the Contractor is required to have an EVMS that complies with ANSI/EIA-748-98; however, the Government will not formally validate/accept the Contractor's management system (no formal validation review).

Integrated Baseline Review (IBR): The Contractor shall review its performance measurement baseline plan with the Government within six (6) months of contract award or initiation of an Undefined Contract Action, and subsequently when required following major changes to the baseline. During the IBR as well as during required follow-on IBRs, the Government will verify that the Contractor has established and is maintaining a reliable performance measurement baseline. The Contractor will ensure that the baseline includes the entire contract technical scope of work consistent with contract schedule requirements and has adequate resources assigned. The Contractor will assure the Government that effective EV methods are used to accurately status contract cost, schedule, and technical performance. The IBR will be used to achieve a

CEVM CONTRACT REQUIREMENTS TOOLKIT

mutual understanding of the baseline plan, cost and schedule risk, and the underlying management processes used for planning and controlling the project.

Subcontract Cost/Schedule Management and Reporting: Subcontracts exceeding \$20M in then-year dollars will apply the requirements of DFARS 252.242-7001, DFARS 252.242-7002, Integrated Master Schedule (DI-MGMT-81650) and the Contract Performance Report (DI-MGMT-81466A). For contracts valued at \$50 million or more, the subcontractor must have an EVMS that has been validated in accordance with DFARS 252.242-7002. For contracts valued at or greater than \$20 million but less than \$50 million, DFARS 252.242-7001 and 252.242-7002 apply. Specifically, the Contractor is required to have EVMS that complies with ANSI/EIA-748; however, the Government will not formally validate/accept the Contractor's management system (no formal review). EVMS flow down to contracts of less than \$20M in then-year dollars or Firm Fixed Price contracts that exceed 12 months duration is a risk-based decision and will be as mutually agreed between the Contractor and the Government.

Contract Work Breakdown Structure (CWBS): The Contractor shall develop and maintain the CWBS and CWBS dictionary using the work breakdown structure contained in Cost and Software Data Reporting (CSDR) plan.

Over Target Baseline (OTB)/Restructure: The Contractor may conclude the baseline no longer represents a realistic plan in terms of budget/schedule execution. In the event the Contractor determines an OTB/Restructuring action is necessary, the Contractor must obtain customer approval prior to implementing an OTB/Restructuring action. The request should also include detailed implementation procedures as well as an implementation timeframe. The Contractor will not implement the OTB/Restructuring prior to receiving written approval from the Contracting Officer.

APPENDIX C – Award Fee Criteria

SAMPLE

Award Fee Categories

8.1 System Performance. During each award fee period, the Contractor will be evaluated on its ability to deliver a quality product that meets ICDU systems performance requirements within the program baseline schedule as specified in Contract NOO019-98-C-0000 including all attachments. The events identified below represent major program events for the individual periods, and are not the sole basis of determining the award fee earned in any particular period. The award fee evaluation will be based on progress in total systems performance development considered appropriate for each particular event. The major program events for each period are listed below.

8.1.1 Period 1 - The award fee of \$115,981,845.70 represents the award fee earned as a result of the Award Fee Board determination and payment of fee on 13 May 1999 following the first award fee evaluation.

8.1.2 Period 2 - April 1, 2000 - August 31, 2000. The Contractor will be evaluated on the quality and timeliness of the Systems Integration of the LR-700 and Mission Software. The system performance evaluation for Period 2 will include:
An assessment of the AR-100 Engineering Tools (which consists of the Engineering test bench and Mini Digital Environment Simulator), integration testing of AR-100 Build "A" software within the Mini-DES environment, and successful completeness of acceptance testing of the RF and digital portions of 6 of the 10 AR- 100 WRAs required to allow systems integration to begin.

An assessment of the demonstrated functionality of the Memory Recorder Unit, the Tactical Display System and Tactical Display Interface Unit including an assessment of WRA level acceptance testing and Performance Verification Testing will be performed. An assessment of the maturity of the demonstrated system integration testing of Mission software Build 1 will be made using established metrics and other test methods. An assessment of the maturity of the planned versus actuals of Mission Software Build 2 will be made using established design, code, and unit test metrics. With the approval of the AFB, the IPTs shall establish specific evaluation metrics within thirty (30) days of the start of the evaluation period.

8.1.3 Period 3 - September 1, 2000 - May 31, 2001. The Contractor will be evaluated on its ability to deliver a complete and full functional AR-100 system for system integration. The evaluation will include an assessment of system quality and compliance with performance specifications and program requirements. Additionally, the quality and completeness, of Mission Software Build 3, as measured against Mission Software planned requirements, will be evaluated. With the approval of the AFB, the IPTs shall establish specific evaluation metrics within thirty (30) days of the start of the evaluation period.

CEVM CONTRACT REQUIREMENTS TOOLKIT

8.1.4 Period 4 - June 1, 2001 - November 1, 2001. The Contractor will be evaluated on completeness and functionality as it relates to compliance with performance specifications and program requirements and quality of the ICDU system. An assessment of the quality, completeness and timeliness of ICDU Electro-magnetic Compatibility testing, delivery [first flight] of the Verification aircraft with modification install complete, and ICDU Mission Software Build 3A will be made. With the approval of the AFB, the IPTs shall establish specific evaluation metrics within thirty (30) days of the start of the evaluation period.

8.1.5 Period 5 - November 2, 2001 -May 31, 2002. The Contractor will be evaluated on completeness and functionality as it relates to compliance with performance specifications and program requirements and quality of the ICDU system. The fifth period evaluation will include an assessment of the quality, completeness, and timeliness of Final AR-100 Hardware and Software testing; a determination of whether approval to start system developmental test (TECHEVAL) was granted, and completion of ICDU Software Build 4 A. With the approval of the AFB, the IPTs shall establish specific evaluation metrics within thirty (30) days of the start of the evaluation period.

8.1.6 Period 6 June 1, 2002 -May 31, 2003. The Contractor will be evaluated on completeness and functionality as it relates to compliance with performance specifications and program requirements and quality of the ICDU system. The sixth period evaluation will include an assessment as to whether the ICDU system completed OPEVAL testing and receipt of an OPTEVFOR Operational Testing rating of "Potentially Operationally Suitable and Effective." The Contractor's ability to develop and deliver a sound, cohesive plan to correct deficiencies will also be evaluated. With the approval of the AFB, the IPTs shall establish specific evaluation metrics within thirty (30) days of the start of the evaluation period.

8.1.7 In the event the Contractor completes the task in any given award fee period prior to the period end date shown on the Notional Award Fee Criteria and Amounts schedule, the Government may perform an evaluation at that time.

8.2 Subcontractor Management (including Cost Control) - The Contractor's ability to effectively manage all subcontractor performance to prevent program cost and schedule growth will be assessed during each award fee period. Evidence of good subcontractor management includes:

The ability to analyze, understand, and mitigate problems at the subcontractor level in a timely and effective manner so as to take appropriate action to prevent cost and schedule impact.

The ability to deliver accurate and complete Earned Value and Variance reports on time.

The ability to effectively track and manage the sub-Contractors technical progress.

The ability to manage an effective Risk Identification and Mitigation program.

Work as a team to resolve problems and issues as quick and efficiently as possible.

Recommend realistic streamlining initiatives.

Prevent requirements creep.

CEVM CONTRACT REQUIREMENTS TOOLKIT

Real-time availability of data developed under this contract.
Effectively performing Cost as an Independent Variable (CAIV).
Effectively manage Government Furnished Equipment, Support Equipment and other Government Furnished Property issue.
Effectively develop and manage an Earned Value Management System.
Ability to effectively manage subcontractors.
Ability to provide ample and timely notice to the Government on specific issues/problems arise during contract performance.

8.3 Contract Cost Control. The Contractor's ability to maintain sound Cost Control procedures to effectively control cost growth will be evaluated during all award fee periods. The ability to anticipate potential cost growth issues, develop cost control measures, and mitigate as best as possible unplanned contract cost problems will be evaluated. The Contractor cost and schedule control performance will be evaluated using the ASN(R,D&A) bulls eye chart contained in the ICDU program metrics. Evidence of good cost control include the Contractor's ability to:

Establish and commit to a cost, schedule and performance baseline, and manage to this baseline.

To provide timely and realistic Estimate at Completion assessments including potential risk and cost containment measures.

To analyze and aggressively mitigate any cost and schedule issues through early identification and use of innovative solutions.

To demonstrate responsiveness to cost, schedule performance and management issues.

To manage an effective Risk Identification and Mitigation program.

8.4 Other Criteria

In addition to the criteria of paragraphs 8.1, 8.2, and 8.3, the Government reserves the option to generate new criteria to recognize significant Contractor accomplishments or changing program priorities.

9.0 Reserve Award Fee Pool

Unearned Award Fee will not be carried over from period to period.

APPENDIX D - Memorandum of Agreement

BOILERPLATE
MEMORANDUM OF AGREEMENT (MOA)

FOR

SURVEILLANCE OF EARNED VALUE MANAGEMENT SYSTEMS

BETWEEN

PROGRAM MANAGEMENT OFFICE (PMO)

AND

DEFENSE CONTRACT MANAGEMENT AGENCY (DCMA)
CONTRACT MANAGEMENT OFFICE DCM SITE
OR
U.S. NAVY SUPERVISOR OF SHIPBUILDING (SUPSHIP)
CONTRACT MANAGEMENT OFFICE SITE

DATE

CEVM CONTRACT REQUIREMENTS TOOLKIT

Note: The Defense Contract Management Agency (DCMA) and Navy's Supervisor of Shipbuilding (SUPSHIP) are defined in this Memorandum of Agreement as the Contract Management Office.

1. Purpose:

a. This Memorandum of Agreement (MOA) provides a framework for the participants' collaboration for Earned Value Management System (EVMS) surveillance between the Procuring Activity and the Contract Management Office (CMO). The MOA describes the activities necessary to achieve and maintain quality, utility, and effectiveness of the Contractor's EVMS for managing the program and reporting cost/schedule performance to the Procuring Activity.

b. The MOA is based upon the regulation, policy, and objectives of the Federal Acquisition Regulation (FAR) 42.302, Defense Federal Acquisition Regulation Supplement (DFARS) 242.302, applicable FAR and DFARS clauses, the Earned Value Management Implementation Guide (EVMIG), Part 2 Section 3, and the DCMAD-1 Contract Management One Book, Section VI-10.

2. Scope:

a. The MOA is a negotiated agreement that describes the specific responsibilities, priorities, communications, reporting, and working relationships between the Program Management Office (PMO) and the CMO for applicable contracts issued by the PMO. This agreement is applicable to the Program contract(s) (contract #) performed at (Company), located at (Site) that include EVMS contract requirements. The MOA is applicable to organizational elements supporting the program, including functional or Competency Aligned Organization (CAO) personnel to whom program management authority has been delegated.

b. EVMS surveillance begins prior to contract award, continues through system compliance evaluation and acceptance (when required), and extends throughout the duration of the contract. Surveillance must ensure that the Contractor's EVMS:

(1) Provides valid, accurate, and timely cost, schedule, and technical performance measurement information summarized directly from the Contractor's internal management system;

(2) Complies with the intent of the EVMS guidelines;

(3) Provides timely indications of actual or potential problems;

(4) Maintains baseline integrity;

(5) Provides information that depicts actual conditions and trends;

CEVM CONTRACT REQUIREMENTS TOOLKIT

(6) Provides comprehensive variance analysis at the appropriate levels including proposed corrective action in regard to cost, schedule, technical, and other problem areas.

c. EVMS surveillance is conducted through sampling of the Contractor's internal and external reported data and continuous evaluation of the Contractor's implementation of its internal management control processes on applicable contracts.

d. EVMS surveillance includes determining whether the Contractor continues to comply with its accepted system description.

e. Surveillance activities should be prioritized and directed at system areas relative to program risk to ensure the greatest return for resources expended.

3. Responsibilities:

a. CMO will perform EVMS contract administration functions in accordance with the guidance of the DCMAD-1 Contract Management One Book. The Program will retain the contract administrative authority for FAR 42.302 (a) subparagraph (40) relative to review of EVMS data for the purpose of contractual cost/schedule performance analysis. CMO is authorized in accordance with FAR 42.302 (a) subparagraph (41), and DFAR Subpart 242.302(a)(41) to review the Contractor's EVMS for compliance, and to perform periodic EVMS data analysis for the purpose of verifying initial and continuing Contractor compliance. Any changes to these responsibilities will be coordinated between CMO and the PMO based on PMO needs.

b. A number of organizations are involved in the surveillance of Contractor's EVMS. These include the CMO, the Defense Contract Audit Agency (DCAA) Field Audit Activity (FAO), PMO, Integrated Product Team (IPT), and the Procuring Activity's CAOs including the Earned Value Management Support Office (EVMSO). The Contractor may choose to participate in this surveillance process and is strongly encouraged to do so. The representatives from these organizations tasked with performing joint EVMS surveillance form the Joint Surveillance Team (JST). Close coordination among the members of the JST is required to ensure surveillance is performed in an effective manner that avoids duplication.

c. The responsibility for implementation of earned value management on a contract is assigned to the PM. Execution of the PM's EVMS responsibilities is accomplished by the PMO and the CAOs. The PM and the CAOs are active users of the information contained in the resulting reports. The responsibility for conducting the Integrated Baseline Review (IBR) lies with the PMO. Participation by members of the IST in performing this review is encouraged. The PMO shall:

(1) Negotiate and update the Memorandum of Agreement with the CMO;

(2) Develop, establish, and tailor the management system and reporting requirements placed on the contract;

CEVM CONTRACT REQUIREMENTS TOOLKIT

(3) Ensure that the CMO is kept informed of pertinent program events, actions, and matters that affect EVMS surveillance;

(4) Provide specialized technical assistance in support of the JST to assure effective implementation and continued Contractor compliance with the EVMS;

(5) Provide routine feedback to the CMO on quality and usefulness of system surveillance efforts and reports, and, when necessary, stating required changes to reporting practices;

(6) Review and analyze Contractor performance reports and bring potential system issues to the attention of the CMO;

d. The CMO has primary responsibility for surveillance of the Contractor's EVMS. The CMO shall:

(1) Provide overall assurance that the Contractor's EVMS continues to meet the requirements of the EVMS guidelines and generates valid, accurate, and timely data;

(2) Maintain liaison with subcontractor CMOs to ensure the validity, accuracy, and timeliness of subcontractor EVMS reporting;

(3) Assign a surveillance monitor who will serve as the CMO EVMS representative on the JST;

(4) Develop and implement a joint surveillance plan that provides the details for accomplishing system surveillance consistent with this MOA and incorporates JST activities, including the PMO, EVMSO, DCAA, and the Contractor;

(5) When required, request technical, EVMSO, and DCAA assistance in support of the IST to ensure effective implementation and continued Contractor compliance with the EVMS;

(6) Provide team member support for IBRs, Compliance Reviews, and joint surveillance activities when requested by the PMO;

(7) Provide specialized support or problem analysis as required by the PMO or EVMSO;

(8) Ensure that the PMO and EVMSO are kept informed of corrective action requests, and matters that affect EVMS implementation or compliance;

(9) Provide the PMO and the EVMSO an assessment of the Contractor's EVMS (timeframe intervals TBD by the PM) or when conditions warrant immediate notification to the Procuring Activity due to the exigencies or criticality of the situation on the program. This report will include the following:

CEVM CONTRACT REQUIREMENTS TOOLKIT

(a) A summarization of the surveillance activities accomplished. Provide an assessment of all discrepancies noted and corrective actions.

(b) Report on any changes or proposed changes by the Contractor to change/update the EVMS.

(c) Respond to any outstanding requests for specific information or problem analysis from the PMO. (e.g., the PM may request the CMO provide its EAC for the contract(s) covered by this MOA along with the methodology and rationale used to derive the EAC).

(d) Provide an assessment of whether the cost, schedule, and technical performance data presented in internal and external EVM reports is timely, valid, accurate, and reflects the actual conditions of the contract(s).

(e) Attach a copy of any DCAA audit report that contains reported deficiencies or recommendations pertaining to EVMS surveillance.

(10) Establish and maintain a central file for all pertinent data and correspondence regarding the EVMS program. The file, as a minimum, will contain records of EVMS surveillance activities, copies of all correspondence with the Contractor and the PMO, changes to the system, memoranda of meetings, surveillance reports/activities, reconciliation's of appropriate reports from the Contract Data Requirements List, and deficiency situations requiring corrective actions. Surveillance records shall be maintained until program completion and then forwarded for inclusion in the official contract file. Electronic files are acceptable and encouraged.

4. Resources/Travel:

Assignments and funds to support the CMO functions and responsibilities described in this MOA will be provided and funded by CMO unless otherwise specified in this MOA. Based upon availability of funds, the PI, or other CMO representative, will travel in support of the Program when attendance is required for technical management reviews, design reviews, meetings concerning specific issues, etc. Notification of the non-availability of travel funds for requested travel should be made to the Program. CMO may at its discretion empower local CMO personnel to provide this support if it is agreed to by the PMO and is in the best interest of the Government.

5. Visit Control Procedures:

In accordance with FAR 42.402, all Program sponsored visitors including military personnel, Government personnel, and support Contractors who are visiting the Contractor's facility shall adhere to the Visit Control Procedures listed in Annex IV. All Program sponsored visitors who are visiting the Contractor's facility shall have authorized access to all Program areas.

CEVM CONTRACT REQUIREMENTS TOOLKIT

6. Terms of the MOA: The effective date of this agreement will be the date of approval signatures below. This agreement will remain in effect until superseded, rescinded or modified by mutual consent of both parties.

7. Annexes: Supporting information for this MOA, which will be updated without amending the spirit of this agreement, is included in the following Annexes:

INFORMATION	ANNEX
Program Office Points Of Contact (POC)	I
CMO Points Of Contact (POC)	II
Critical/Major Subcontractors	III
Visit Control Procedures	IV

APPROVED:

_____	Date	_____	Date
NAME		NAME	
Rank		Rank	
Program Manager, Program		Commander, CMO Site	

CEVM CONTRACT REQUIREMENTS TOOLKIT

ANNEX III

CRITICAL/MAJOR
SUBCONTRACTORS

	SUBCONTRACTOR	ITEM
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		

CEVM CONTRACT REQUIREMENTS TOOLKIT

ANNEX IV

VISIT CONTROL PROCEDURES

Visitors to the (Company) plant shall provide the following information three (3) working days prior to any plant visit:

Name of visitor

SSN of visitor

Title

Organization represented

Date(s) & purpose of visit

Host name & phone number (person to be contacted at the company)

Security clearance with signature of authorized personnel

Specific building(s) or area(s) to be visited

For those that have previously submitted a one year Visit Request with security clearance, the following information shall be supplied:

Name

Date(s) & purpose of visit

Host name and phone number

Specific building(s) or area(s) to be visited

Notification of visit shall be addressed and mailed to:

APPENDIX E - Requirements Checklist

Contract Performance Report (CPR)

- DFARS 252.242-7001 for the solicitations and
- DFARS 252.242-7002 for the contract

SOW

Award Fee Criteria (Contract Special Requirements Section)

CWBS CDRL

CPR CDRL

IMS CDRL

CFSR CDRL

DCMA/SUPSHIP - Memorandum of Agreement (MOA)

APPENDIX F – List of Acronyms

ACAT	Acquisition Category
ACO	Administrative Contracting Officer
ACWP	Actual Cost of Work Performed
ANNLY	Annually
APB	Acquisition Program Baseline
BCWP	Budgeted Cost of Work Performed
BCWS	Budgeted Cost of Work Scheduled
CAIG	Cost Analysis Improvement Group
CCDR	Contract Cost Data Report
CDRL	Contract Data Requirements List
CDSR	Cost Data Summary Report
CFSR	Contract Funds Status Report
CLIN	Contract Line Item
CMO	Contract Management Office
CPIF	Cost Plus Incentive Fee
CPFF	Cost Plus Fixed Fee
CPR	Contract Performance Report
CSSR	Cost Schedule Status Report
CWBS	Contract Work Breakdown Structure
DAC	Days After Contract Start
DACM	Days after Contract Modification
DARP	Days After Reporting Period
DCMA	Defense Contract Management Agency
DFAR	Defense Federal Acquisition Regulation
DID	Data Item Description
DoD	Department of Defense
EOC	End of Contract
EOQ	End of Quarter
EV	Earned Value
EVM	Earned Value Management
EVMIG	Earned Value Management Implementation Guide
EVMS	Earned Value Management System
FAR	Federal Acquisition Regulation
FFP	Firm Fixed Price
FOUO	For Official Use Only
FPIF	Fixed Price Incentive Fee
FY	Fiscal Year
IBR	Integrated Baseline Review
IMS	Integrated Master Schedule
IPT	Integrated Product Team
MAIS	Major Automated Information System
MDA	Milestone Decision Authority
MDAP	Major Defense Acquisition Program
MTHLY	Monthly

CEVM CONTRACT REQUIREMENTS TOOLKIT

OBS	Organizational Breakdown Structure
OTA	Other Transaction Agreements
PM	Program Manager
PMO	Program Management Office
PMR	Program Management Review
POC	Point of Contact
PPC	Procurement Planning Conference
PTA	Point of Total Assumption
QRTLY	Quarterly
RDT&E	Research, Development, Test, and Evaluation
RFP	Request for Proposal
SEMIA	Semi-Annually
SOW	Statement of Work
SUPSHIP	Supervisor of Shipbuilding
TDP	Technical Data Package
TM	Technical Manual
WBS	Work Breakdown Structure

APPENDIX G – Data Item Descriptions

Data Item Description (DID)
Contract Work Breakdown Structure
(CWBS)

DATA ITEM DESCRIPTION

Title: Contract Work Breakdown Structure (CWBS)

Number: DI-MGMT-81334B

Approval Date: 20050201

AMSC Number: D7548

Limitation:

DTIC Applicable:

GIDEP Applicable:

Preparing Activity: (D) OSD/PA&E/CAIG

Applicable Forms: Not Applicable; 35 hours

Use/relationship: This documents the Contract Work Breakdown Structure (CWBS) and its extension by the contractor using terminology and definitions, as applicable, in MIL-HDBK-881. The complete Program Work Breakdown Structure (PWBS) will serve as a basis for program and technical planning, scheduling, cost estimating, resource allocations, performance management where appropriate, configuration management, and status reporting.

This DID summarizes the format for the WBS and provides preparation instructions to support the specific data and frequency requirements specified in the contract. This DID is applicable to all contracts that require a WBS and is related to the two Contractor Cost Data Reporting (CCDR) formats: DD Form 1921, "Cost Data Summary Report" (DID number DI-FNCL-81565A), and DD Form 1921-1, "Functional Cost-Hour and Progress Curve Report" (DID number DI-FNCL-81566A). This DID can also be related to the formats contained in DD Forms 2734/1, 2734/2, 2734/3, 2734/4, and 2734/5, "Cost Performance Report" (DID number DI-MGMT-81466); DD Forms 2735, "Cost/Schedule Status Report, (DID number DI-MGMT-81467); and DD Form 1586, "Contract Funds Status Report" (DID number DI-MGMT-81468).

Routine reporting shall be at CWBS level 3 for prime contractors and key subcontractors. MIL-HDBK-881 serves as the basis for identifying the first three levels of the PWBS and for developing the CWBS. Extensions of the PWBS and CWBS can be tailored to the specific program but will be consistent with MIL-HDBK-881. Detailed reporting of the CWBS (i.e., below level 3) shall be required only for those lower-level elements that address high-risk, high-value, or high-technical-interest areas of a program. Identifying these additional elements is a critical early assignment for the Cost Working Level Integrated Product Team (CWIPT) for inclusion in the PWBS. The final CWBS must agree with the contract Cost and Software Data Reporting (CSDR) Plan approved by the OSD Cost Analysis Improvement Group (CAIG) Chair,

The reporting contractor shall prepare and submit the contract dictionary within 60 days of contract award. The reporting contractor shall maintain and update the WBS Dictionary throughout the life of the contract. The dictionary shall not be submitted more frequently than report submissions.

Requirements:

1. *Reference documents.* Detailed instructions for preparing the CWBS can be found in MIL-HDBK-881. WBS guidance is also contained in Chapter 2 of the CCDR Manual, DoD 5000.4-M-1.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81334A

2. *Formats.* The CWBS shall be reflected in an electronic report that consists of two parts as shown in the sample attachments. Part I is for the CWBS Index and Part II is for the CWBS Dictionary. The index lists the individual elements. The dictionary describes the effort and tasks associated with every CWBS element shown in Part I.

Preparation Instructions:

1. *Contract Work Breakdown Structure Index:*
 - a. CWBS Code. Enter the code, if applicable.
 - b. CWBS Element Level. Enter the level of the CWBS element. Level 1 is the total contract. Levels 2, 3, etc., are successively lower levels of the program.
 - c. CWBS Element Name. Enter the title of the CWBS element using the specific name or nomenclature.
 - d. Contract Line Item(s). Enter the numbers of the contract line items associated with the CWBS element, if applicable.
2. *Contract Work Breakdown Structure Dictionary:*
 - a. CWBS Code.
 - b. CWBS Element. Enter the title of each CWBS element in the same order as given in Part I.
 - c. CWBS Definition. Enter a complete description of the technical and cost content of each CWBS element. The statement should be as descriptive as possible about the efforts, tasks, tests, components, etc., that are to be included in the CWBS element by the contractor. The CWBS Dictionary must be updated and maintained throughout the life of the contract. However, the updated dictionary shall be submitted no more frequently than the CCDR report submissions.

CEVM CONTRACT REQUIREMENTS TOOLKIT

Contract Work Breakdown Structure—Data Item Description (DI-MGMT-81334)

CONTRACT WORK BREAKDOWN STRUCTURE INDEX		PROGRAMME Missile X LRBP Surface-to-Air Interceptor CWBS ELEMENT		REP NO: XXXXXXX CONTRACT NO: XXXXXXX-99-C-XXX	CONTRACT PLAN NO: XXXXXXXX	DATE: 06/30/02	
CWBS CODE	LEVEL					NAME	CONTRACT LINE ITEM(S)
	1	2	3	4	5		
1.0	✓					Missile System	
1.1		✓				Air Vehicle	
1.1.1			✓			Propulsion	
1.1.2			✓			Airframe	
1.1.3			✓			Warhead	
1.1.4			✓			Post Boost System	
1.1.5			✓			Guidance And Control Equipment	
1.1.5.1				✓		Guidance Section	
1.1.5.1.1					✓	Seeker	
1.1.5.1.2					✓	Guidance Electronics	
1.1.5.2				✓		Control Devices	
1.1.5.3				✓		Structure	
1.1.5.4				✓		Power and Networks	
1.1.6						Ordnance Initiation Set	
1.1.7						Airborne Test Equipment	
1.1.8						Airborne Training Equipment	
1.1.9						Auxiliary Equipment	
1.1.10						IAT&C	
1.2		✓				Integration, Assembly, Test, and Checkout	
1.3		✓				Systems Engineering Program Management	
1.4		✓				Systems Test and Evaluation	

CEVM CONTRACT REQUIREMENTS TOOLKIT

Contract Work Breakdown Structure—Data Item Description (DI-MGMT-81334)

CONTRACT WORK BREAKDOWN STRUCTURE DICTIONARY		PROGRAM: Missile XLRIP Surface-to-Air Interceptor	RFP NO: CONTRACT NO: XXXXX-98-C-XXXX	DATE: 11/1/00
CWBS CODE	CWBS ELEMENT	CWBS DEFINITION		
1.0	Missile System	The missile is a cylindrical body with four fixed fins attached to the aft end of the Solid Rocket Motor case. The control surfaces are located behind the fixed fins. The missile angular orientation is zero degrees at top center, with increasing angles positive in a clockwise direction (standing at the aft end looking forward). The outside surface of the missile body is coated for thermal protection of the structure from aerodynamic heating and rain erosion. Electrical interface between the launcher and the missile is provided by an umbilical cable connecting the missile Aft-Section to the Aft-Section of the Canister.		
1.1	Air Vehicle	This element refers to the means for delivering the destructive effect to the target, including the capability to generate or receive intelligence to navigate and penetrate the target area and to detonate the warhead. This element includes the design, development, and production of complete units (prototype and operationally configured units, which satisfy the requirement of their applicable specifications(s)) regardless of their use.		
1.1.1	Propulsion	The propulsion system consists of the booster and the interstage. A single-stage, solid propellant rocket motor provides all of the boost impulse for the missile. The deployable flares and aft rate gyro package (RGP) are positioned at the aft end of the booster in the BUG configuration.		
1.1.2	Airframe	This element refers to the structural framework that provides the aerodynamic shape, mounting surfaces and environmental protection for the missile components. It includes the wings, fins, and structural body assemblies.		
1.1.3	Warhead	Warhead includes the assembly containing the kill mechanism of the round and its associated high explosives, chemicals, biological agents, nuclear devices, and pyrotechnics.		
1.1.4	Post Boost System	This element provides the roll rate control and the final velocity to adjust and deploy the payload as well as the external protection material, velocity control system, and deployment group.		
1.1.5	Guidance and Control Equipment	This element refers to the missile's ability to acquire and track targets, receive guidance data from various sensors and execute the necessary flight path to intercept the target.		
1.1.5.1	Guidance Section	This element refers to the missile's ability to receive guidance data from various sensors.		
1.1.5.1.1	Seeker	The seeker assembly is attached to the kill vehicle via the forward ring of the forecone. The assembly consists of four elements; a seeker basecone, an IR sensor, a gimbal set, and a Seeker Electronics Assembly (SEA). The seeker basecone is a conical assembly cast from magnesium. It is used as the main structure to mount the IR sensor and gimbals to the KV, and to dampen structural resonances.		
1.1.5.1.2	Guidance Electronics	This element includes all the electronic components and their structural items needed to perform all the seeker tracking functions.		
1.1.5.2	Control Devices	This element includes all the electronic components and support structure needed to perform the electronic processing done outside, but near the detector assembly. This may include detector biasing electronics, preamplification, gain control processing, A/D conversion and multiplexing of the detector outputs when many detector outputs are present.		
1.1.5.3	Structure	This element refers to the metal or composite materials that provide external housing, bulkheads, attach points and connectors for guidance and control equipment.		
1.1.5.4	Power and Networks	This element refers to the subsystem that starts the missile and maintains electrical power prior to launch, upon release from the launch platform, and during flight. Additionally, it consists of power supply devices and power converters.		
1.1.6	Ordnance Initiation Set	The ordnance initiation set initiates all ordnance events throughout the missile and ground system (except reentry system components). Upon receipt of an electrical signal from the missile guidance and control system, the ordnance initiation set firing units convert the signal into ordnance outputs to the detonating cords. Among these ordnance events are stage separation, motor ignition, gas generator ignition, shroud separation, etc. Includes through bulkhead initiators, ordnance test harnesses, and firing units/exploding bridge wires.		
1.1.7	Airborne Test Equipment	The airborne test equipment element refers to an exercise warhead that is interchangeable with the live warhead and suitable for developmental firing. This element includes destruct systems, recovery systems, special instrumentation, and telemetry equipment.		
1.1.8	Airborne Training Equipment	The airborne training equipment element refers to an exercise warhead that is interchangeable with the live warhead and suitable for training firing. This element includes destruct systems, recovery systems, special instrumentation, and telemetry equipment associated with the training mission.		
1.1.9	Auxiliary Equipment	The auxiliary equipment element refers to that additional equipment generally excluded from other specific elements. This element includes the environmental control, safety and protective subsystems, and destruct system. It also includes equipment of a single purpose and function that is necessary for accomplishing the assigned mission.		
1.1.10	Integration, Assembly, Test and Checkout	The IAT&CO of the hardware will be conducted at the contractor's assembly facility. Subsystem components will be assembled and tested, then shipped to company YYYY for final assembly and testing.		

CEVM CONTRACT REQUIREMENTS TOOLKIT

Contract Work Breakdown Structure—Data Item Description (DI-MGMT-81334)

CONTRACT WORK BREAKDOWN STRUCTURE DICTIONARY	PROGRAM: Missile XLRIP Surface-to-Air Interceptor	RFP NO: _____ CONTRACT NO: XXXXXX-98-C-XXXX	DATE: 11/1/00
CWBS CODE	CWBS ELEMENT	CWBS DEFINITION	
1.2	Integration, Assembly, Test, and Checkout	<p>The IAT&CO of the missile will be conducted at a Company YYYY assembly facility. For flight vehicles, the guidance and control unit is tested and installed, the units are fueled, and the ordnance is installed. The missile is then installed in the canister and shipped to the testing range.</p> <p>The system engineering and technical control as well as the business management of the project. System Engineering/Project Management effort that can be associated specifically with the hardware element is excluded, unless this management effort is of special contractual or engineering significance (e.g., associated contractor).</p> <p>Four prototypes of the missile will be tested at WWWW testing range over a period of 3 months. The testing facility will evaluate both missile performance and accuracy, along with the launching platform capabilities.</p>	
1.3	Systems Engineering/Program Management		
1.4	Systems Test and Evaluation		

End of DI-MGMT-81334B

Data Item Description (DID)

Contract Performance Report (CPR)

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

DID, DI-FNCL-81566A. The same WBS shall be utilized for the Integrated Master Plan (IMP), IMS, CPR, and Contractor Cost Data Report (CCDR) as applicable.

c. The CPR shall be used to obtain cost and schedule performance information on contracts requiring compliance with the American National Standards Institute/Electronic Industries Alliance Standard 748 (ANSI/EIA-748), Earned Value Management Systems (EVMS) (current version in effect at time of contract award). Refer to the Federal Acquisition Regulation (FAR) or Defense Federal Acquisition Regulation Supplement (DFARS) clause on contract. The CPR data elements shall reflect the output of the contractor's ANSI/EIA-748 compliant integrated management system.

d. The CPR shall be required no less frequently than monthly. All formats shall be submitted to the procuring activity no later than 12 working days following the contractor's accounting period cutoff date. This requirement may be tailored through contract negotiations to allow submission as late as 17 working days, provided that the contractor and Government agree that program complexity and integration of subcontractor and vendor performance data warrant additional time and will yield more accurate performance. Reports may reflect data either as of the end of the calendar month or as of the contractor's accounting period cutoff date, provided it is consistent with the IMS. Formats 2, 3, and 4 may be submitted on a less frequent basis in some cases. Refer to the Earned Value Management Implementation Guide (EVMIG) for guidance on tailoring reporting. (Note: Contractors may elect to attach subcontractor Format 5 reporting and cross reference this analysis in the Format 5 reporting submitted to the Government to gain time efficiencies and meet submission dates.)

e. Unless otherwise provided in the contract, data reported in the CPR shall pertain to all authorized contract work, including both priced and unpriced effort. Refer to the EVMIG for guidance on tailoring reporting.

f. Submission of Format 1 using a product-oriented WBS in accordance with the WBS Handbook, MIL-HDBK-881, and the CWBS DID, DI-MGMT-81334A, is mandatory. (Note: For contracts that require CCDRs, the CWBS shall be developed, approved, and maintained in accordance with DoD 5000.4-M-1, Cost and Software Data Reporting Manual, and the CWBS DID.) Certain aspects of the report are subject to negotiation between the Government and the contractor, such as:

f.1 The level of detail to be reported in Format 1 normally will be at level three of the CWBS, but lower levels may be specified for high-cost or high-risk items. The Government and the contractor shall periodically review and adjust as necessary CWBS reporting levels on Format 1 to ensure they continue to provide appropriate visibility without requiring excessive information. If there is a significant problem at a lower level, detailed reporting for that CWBS element may be required until the problem is resolved.

f.2 Formats 1 and 5 are mandatory in all cases. Formats 2, 3, and 4 are optional in some cases. Refer to the EVMIG for guidance on tailoring reporting.

f.3 Variance analysis thresholds which, if exceeded, require problem analysis and narrative explanations in Format 5. If the contract does not specify variance analysis thresholds, the contractor shall provide appropriate variance analyses. (See 2.6.3 below.) Variance analysis thresholds shall be reviewed periodically and adjusted as necessary to ensure they continue to provide appropriate visibility.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

f.4 If the organizational categories for Format 4 are different from Format 2, the Government may request that different organizational categories be used for reporting staffing in Format 4 instead of those used in Format 2. If so, the Government and the contractor shall negotiate the Format 4 categories. If required, the Format 2 categories shall reflect the contractor's internal organization being used to execute the contract.

g. Subject to f., the CPR Contract Data Requirements List (CDRL) is subject to tailoring. Requiring more information in the CPR CDRL than specified in this DID is contrary to DoD policy. All negotiated reporting provisions shall be specified in the contract. Refer to the EVMIG for guidance on tailoring reporting.

REQUIREMENTS:

1. Format. Use the relevant DD Forms as listed above. All formats shall be submitted electronically in accordance with the following requirements. All formats shall be in a readable digital format (e.g., pdf files are not acceptable). The American National Standards Institute (ANSI) X12 standard (839 transaction set), the United Nations Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) standard (PROCST message), or the XML equivalent shall be used to submit data electronically to the procuring activity. Contractor formats may be substituted whenever they contain all of the required data elements at the specified reporting levels and are compliant with the X12 standard, XML schema, or equivalent. On-line access to the data may be provided to augment formal CPR submission. (Note: Until the ANSI X12/XML standards are redefined to incorporate the changes to the forms, the new data elements shall be reported in Format 5.)

2. Content. The CPR shall contain the following:

2.1 Heading Information - Formats 1 - 5. Preparation instructions for Heading Information (Blocks 1 through 4) apply to Formats 1 through 5.

2.1.1 Contractor. Enter in Block 1.a the contractor's name and division (if applicable). Enter in Block 1.b the facility location and mailing address of the reporting contractor.

2.1.2 Contract. Enter the contract name in Block 2.a, the contract number (and the applicable Contract Line Item Number(s) (CLIN(s)) in Block 2.b, the contract type in Block 2.c, and the contract share ratio (if applicable) in Block 2.d.

2.1.3 Program. Enter in Block 3.a the program name, number, acronym, type, model, and series, or other designation of the prime item(s) purchased under the contract. Indicate the program phase (development, production, etc.) in Block 3.b. Indicate whether the contractor's EVMS has been accepted by the Government and the date of the acceptance.

2.1.4 Report Period. Enter the beginning date in Block 4.a and the ending date in Block 4.b of the period covered by the report.

2.1.5 Security Classification. Enter the appropriate security classification at the top and bottom of each page.

2.1.6 Dollars in _____. If reported dollar amounts are in thousands, millions, or billions, enter the factor at the top of each page.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.2 Format 1 - Work Breakdown Structure.

2.2.1 Contract Data.

2.2.1.1 Quantity. Enter in Block 5.a the number of principal items to be procured on this contract.

2.2.1.2 Negotiated Cost. Enter in Block 5.b the dollar value (excluding fee or profit) on which contractual agreement has been reached as of the cutoff date of the report. For an incentive contract, enter the definitized contract target cost. Amounts for changes shall not be included in this item until they have been priced and incorporated in the contract through contract change order or supplemental agreement. For a cost plus fixed fee, award fee, or incentive fee contract, enter the estimated cost negotiated. Changes to the estimated cost shall consist only of estimated amounts for changes in the contract scope of work, not for cost growth ("overrun") above the original estimated cost.

2.2.1.3 Estimated Cost of Authorized, Unpriced Work. Enter in Block 5.c the amount (excluding fee or profit) estimated for that work for which written authorization has been received, but for which definitized contract prices have not been incorporated in the contract through contract change order or supplemental agreement.

2.2.1.4 Target Profit/Fee. Enter in Block 5.d the fee or percentage of profit that shall apply if the negotiated cost of the contract is met. (See 2.2.1.2 above.)

2.2.1.5 Target Price. Enter in Block 5.e the target price (negotiated contract cost plus profit/fee) applicable to the definitized contract effort.

2.2.1.6 Estimated Price. Based on the most likely estimate of cost at completion for all authorized contract work and the appropriate profit/fee, incentive, and cost sharing provisions, enter in Block 5.f the estimated final contract price (total estimated cost to the Government). This number shall be based on the most likely management EAC in Block 6.c.1 and normally will change whenever the management estimate or the contract is revised.

2.2.1.7 Contract Ceiling. Enter in Block 5.g the contract ceiling price applicable to the definitized effort.

2.2.1.8 Estimated Contract Ceiling. Enter in Block 5.h the estimated ceiling price applicable to all authorized contract effort including both definitized and undefinitized effort.

2.2.1.9 Over Target Baseline/Over Target Schedule. Enter in Block 5.i the date the last over target baseline or over target schedule was implemented (if applicable).

2.2.2 Estimated Cost at Completion. These blocks shall present the contractor's range of estimated costs at completion. The range of estimates is intended to allow contractor management flexibility to express possible cost outcomes. Contractors shall provide the most accurate Estimates at Completion (EACs) possible through program-level assessments of factors that may affect the cost, schedule, or technical outcome of the contract. Such program-level assessments shall include consideration of known or anticipated risk areas, and planned risk reductions or cost containment measures. EACs shall be reported without regard to contract ceiling.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.2.2.1 Management Estimate at Completion - Best Case. Enter in Block 6.a.1 the contractor's best case EAC. The best case estimate is the one that results in the lowest cost to the Government. This estimate shall be based on the outcome of the most favorable set of circumstances. If this estimate is different from the most likely EAC (Block 6.c.1), the assumptions, conditions, and methodology underlying this estimate shall be explained briefly in Format 5. This estimate is for informational purposes only; it is not an official company estimate. There is no requirement for the contractor to prepare and maintain backup data beyond the explanation provided in Format 5.

2.2.2.2 Management Estimate at Completion - Worst Case. Enter in Block 6.b.1 the contractor's worst case EAC. The worst case estimate is the one that results in the highest cost to the Government. This estimate shall be based on the outcome of the least favorable set of circumstances. If this estimate is different from the most likely EAC (Block 6.c.1), the assumptions, conditions, and methodology underlying this estimate shall be explained briefly in Format 5. This estimate is for informational purposes only; it is not an official company estimate. There is no requirement for the contractor to prepare and maintain backup data beyond the explanation provided in Format 5.

2.2.2.3 Management Estimate at Completion - Most Likely. Enter in Block 6.c.1 the contractor's most likely EAC. This estimate is the contractor's official contract EAC and, as such, takes precedence over the estimates presented in Column (15) of Formats 1 and 2 and Blocks 6.a.1 and 6.b.1. This EAC is the value that the contractor's management believes is the most likely outcome based on a knowledgeable estimate of all authorized work, known risks, and probable future conditions. This value need not agree with the total of Column (15) (Block 8.e). However, any difference shall be explained in Format 5 in such terms as risk, use of Management Reserve (MR), or higher management knowledge of current or future contract conditions. The assumptions, conditions, and methodology underlying this estimate shall be explained briefly in Format 5. This EAC need not agree with EACs contained in the contractor's internal data, but must be reconcilable to them. The most likely EAC shall also be reconcilable to the contractor's latest statement of funds required as reported in the CFSR, or its equivalent, if this report is a contractual requirement.

2.2.2.4 Contract Budget Base. Enter in Block 6.c.2 the total of negotiated cost (Block 5.b) and estimated cost of authorized, unpriced work (Block 5.c).

2.2.2.5 Variance. Enter in Block 6.c.3 the Contract Budget Base (Block 6.c.2) minus the most likely estimate at complete (Block 6.c.1). This value shall be explained in Format 5 according to applicable contractual requirements.

2.2.3 Authorized Contractor Representative. Enter in Block 7.a the name of the authorized person (program manager or designee) signing the report. Enter that person's title in Block 7.b. The authorized person shall sign in Block 7.c. Enter the date signed in Block 7.d. Electronic signatures are encouraged.

2.2.4 Performance Data.

2.2.4.1 Column (1) - Work Breakdown Structure Element. Enter in Column (1) of Block 8.a the noun description of the CWBS items for which cost information is being reported. CWBS elements and levels reported shall be those specified in the contract. (See f.1 above.)

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.2.4.2 Cost of Money. Enter in Columns (2) through (16) of Block 8.b the Facilities Capital Cost of Money applicable to the contract.

2.2.4.3 General and Administrative. Enter in Columns (2) through (16) of Block 8.c the appropriate General and Administrative (G&A) costs. If G&A costs have not been included in the CWBS costs reported in Block 8.a above, G&A shall be shown as an add entry in Block 8.a. If G&A costs have been included in the CWBS costs reported in Block 8.a above, G&A shall be shown as a non-add entry in Block 8.c with an appropriate notation to that effect. For contracts that require CCDRs, contractors may also have to submit separate costs without G&A for the CWBS elements reported in Block 8.a on an exception basis if the Government specifies such a requirement in the CDRL. If a G&A classification is not used, no entry shall be made other than an appropriate notation to that effect.

2.2.4.4 Undistributed Budget. Enter the amount of budget applicable to contract effort that has not yet been identified to CWBS elements at or below the reporting level. For example, if contract changes were authorized late in the reporting period, they should have received a total budget; however, assignment of work and allocation of budgets to individual CWBS elements may not have been accomplished as of the contractor's accounting period cutoff date. Budgets that can be identified to CWBS elements at or below the specified reporting level shall be included in the total budgets shown for the CWBS elements in Block 8.a and shall not be shown as Undistributed Budget (UB). Enter in Column (15) of Block 8.d the EAC for the scope of work represented by the UB in Column (14) of Block 8.d. Enter in Column (16) of Block 8.d the variance, if any, and fully explain it in Format 5. The reason(s) for UB shall be fully explained in Format 5.

2.2.4.4.1 Use of Undistributed Budget. UB is used to accommodate temporary situations where time constraints prevent adequate budget planning or where contract effort can only be defined in very general terms. UB shall not be used as a substitute for adequate contract planning. Formal budgets shall be allocated to contract effort and responsible organizations at the earliest possible time, preferably within the next reporting period.

2.2.4.5 Subtotal (Performance Measurement Baseline). In Columns (2) through (16) of Blocks 8.a through 8.e, enter the sum of the costs and budgets for direct, indirect, cost of money, and G&A. This subtotal represents the dollars in the allocated budget (less MR), which is the Performance Measurement Baseline (PMB) against which performance is measured.

2.2.4.6 Management Reserve. MR is an amount of the overall contract budget withheld for management control purposes and is held for program unknowns (realized risks on authorized work scope). Reserve is held for future needs and shall not be used to offset cumulative cost variances. It shall not be eliminated from contract prices by the Government during subsequent negotiations nor used to absorb the cost of contract changes. In Column (14) of Block 8.f enter the total amount of budget identified as MR as of the end of the current reporting period. The amounts shown as MR in Formats 1, 2, and 3 should agree. Amounts of MR applied to CWBS elements during the reporting period shall be listed in Block 6.b of Format 3 and explained in Format 5.

2.2.4.6.1 Negative Management Reserve. Negative entries shall not be made in Management Reserve (Column (14) of Block 8.f). There is no such thing as "negative MR." If the contract is budgeted in excess of the Contract Budget Base (the negotiated contract cost plus the estimated cost for authorized, unpriced work), the provisions applicable to formal reprogramming and the instructions in paragraphs 2.2.5.1, 2.2.6.6, 2.2.6.7, and 2.4.1.7 apply.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.2.4.7 Total. Enter the sum of all direct, indirect, cost of money, and G&A costs, and UB and MR (if applicable) in Columns (2) through (14) of Block 8.g. The Total lines of Format 1 (Block 8.g) and Format 2 (Block 5.g) should agree. The total of Column (14), Block 8.g, should equal the Total Allocated Budget shown in Block 5.f on Format 3.

2.2.5 Reconciliation to Contract Budget Base.

2.2.5.1 Formal Reprogramming. In exceptional cases, the contractor may establish performance measurement budgets that exceed the Contract Budget Base. Acceptance of the new baseline in excess of the Contract Budget Base will be predicated on Government approval. This process is called formal reprogramming. The contractor and the Government shall agree on how the results of a formal reprogramming will be reported in the CPR before the formal reprogramming is initiated. This agreement and any other pertinent details on the reporting of the formal reprogramming shall be included in Format 5. Blocks 9.a and 9.b are used to reconcile the higher performance measurement budgets, also called an "over target baseline," to the Contract Budget Base. (See 2.2.6.6, 2.2.6.7, 2.4.1.7, and 2.6.5 below for more information on reporting over target baselines (Formal Reprogramming).)

2.2.5.2 Variance Adjustment. In a formal reprogramming (over target baseline), the contractor may: (1) apply the additional budget to completed work, thereby eliminating some or all of the existing cost or schedule variances, (2) apply the additional budget to remaining work, (3) apply some of the additional budget to completed work and some to remaining work, and/or (4) apply some of the additional budget to MR. If the contractor uses a portion of the additional budget to eliminate variances applicable to completed work, the total adjustments made to the cost and schedule variances shall be shown in Columns (10) and (11) of Block 9.a. The total cost variance adjustment entered in Column (11) of Block 9.a should be the sum of the individual cost variance adjustments shown in Column (12) of Block 8.g.

2.2.5.3 Total Contract Variance. In Columns (10) and (11) of Block 9.b, enter the sum of the cost and schedule variances shown on the Total line (Block 8.g) and on the Variance Adjustment line (Block 9.a). In Column (14) enter the Contract Budget Base from Block 6.c.2. In Column (15) enter the management EAC from Block 6.c.1. In Column (16) of Block 9.b enter the difference between Columns (14) and (15) of Block 9.b.

2.2.6 Columns (2) Through (16). When compliance with the ANSI/EIA-748 (current version in effect at time of contract award) is contractually required, the data in Columns (2) through (16) shall reflect the output of the contractor's ANSI/EIA-748 compliant integrated management system.

2.2.6.1 Column (2) and Column (7) - Budgeted Cost - Work Scheduled. For the time period indicated, enter the Budgeted Cost for Work Scheduled (BCWS) in these columns.

2.2.6.2 Column (3) and Column (8) - Budgeted Cost - Work Performed. For the time period indicated, enter the Budgeted Cost for Work Performed (BCWP) in these columns.

2.2.6.3 Column (4) and Column (9) - Actual Cost - Work Performed. For the time period indicated, enter the Actual Cost of Work Performed (ACWP) without regard to ceiling. In all cases, costs and budgets shall be reported on a comparable basis.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.2.6.4 Column (5) and Column (10) - Variance - Schedule (i.e., accomplishment). For the time period indicated, these columns reflect the differences between BCWS and BCWP. For the current period column, Column (5) (schedule variance) is derived by subtracting Column (2) (BCWS) from Column (3) (BCWP). For the cumulative to date column, Column (10) (schedule variance) is derived by subtracting Column (7) (BCWS) from Column (8) (BCWP). A positive number in Column (5) and Column (10) indicates a favorable variance. A negative number (indicated by parentheses) indicates an unfavorable variance. Significant variances as specified in the contract shall be fully explained in Format 5. If the contract does not specify variance analysis thresholds, the contractor shall provide appropriate variance analyses. (See 2.6.3 below.)

2.2.6.5 Column (6) and Column (11) - Variance - Cost. For the time period indicated, these columns reflect the difference between BCWP and ACWP. For the current period column, Column (6) (cost variance) is derived by subtracting Column (4) (ACWP) from Column (3) (BCWP). For the cumulative to date column, Column (11) (cost variance) is derived by subtracting Column (9) (ACWP) from Column (8) (BCWP). A positive value indicates a favorable variance. A negative value (indicated by parentheses) indicates an unfavorable variance. Significant variances as specified in the contract shall be fully explained in Format 5. If the contract does not specify variance analysis thresholds, the contractor shall provide appropriate variance analyses. (See 2.6.3 below.)

2.2.6.6 Column (12a) and Column (12b) Reprogramming Adjustments - Cost Variance and Schedule Variance. Formal reprogramming (over target baseline) results in budget allocations in excess of the Contract Budget Base and, in some instances, adjustments to previously reported variances. If previously reported variances are being adjusted, the adjustment applicable to each reporting line item affected shall be entered in Column (12a) if for a cost variance and Column (12b) if for a schedule variance. The total of Column (12a) and Column (12b) should equal the amount shown on the Variance Adjustment line (Block 9.a) in Column (10) and Column (11).

2.2.6.7 Column (13) Reprogramming Adjustments - Budget. Enter the total amounts added to the budget for each reporting line item as the result of formal reprogramming (over target baseline). The amounts shown shall consist of the sum of the budgets used to adjust cost variances (Column (12)) plus the additional budget added to the CWBS element for remaining work. Enter the amount of budget added to MR in the space provided on the Management Reserve line (Block 8.f of Column (13)). The total of Column (13) should equal the budget amount by which the Total Allocated Budget exceeds the Contract Budget Base as shown in Block 5.g of Format 3. An explanation of the reprogramming shall be provided in Format 5.

2.2.6.7.1 Formal Reprogramming Reporting. Columns (12) and (13) are intended for use only in situations involving formal reprogramming (over target baseline). Internal replanning actions within the Contract Budget Base do not require entries in these columns. Where contractors are submitting CPR data directly from automated systems, the addition of Columns (12) and (13) as shown may not be practical due to computer reprogramming problems or space limitations. In such cases, the information shall be provided in Format 5. Contractors shall not be required to abandon or modify existing automated reporting systems to include Columns (12) and (13) if significant costs will be associated with such change. Nor shall contractors be required to prepare the report manually solely to include this information.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.2.6.7.2. Formal Reprogramming Timeliness. Formal reprogramming (over target baseline) can be a significant undertaking that may require more than a month to implement. To preclude a disruption of management visibility caused by a reporting hiatus, formal reprogramming shall be implemented expeditiously. If a reporting hiatus is needed, the contractor and the Government shall agree on the date and duration of the hiatus before the formal reprogramming is initiated.

2.2.6.8 Column (14) - At Completion - Budgeted. Enter the budgeted cost at completion for the items listed in Column (1). This entry shall consist of the sum of the original budgets plus or minus budget changes resulting from contract changes, internal replanning, and application of MR. The total (Block 8.g) should equal the Total Allocated Budget shown in Block 5.f on Format 3.

2.2.6.9 Column (15) - At Completion - Estimated. Enter the latest revised estimate of cost at completion including estimated overrun/underrun for all authorized work. If the subtotal (Block 8.e) does not agree with the most likely management EAC (Block 6.c.1), the difference shall be explained in Format 5. (See 2.2.2.3 above.)

2.2.6.10 Column (16) - At Completion - Variance. Enter the difference between the Budgeted - At Completion (Column (14)) and the Estimated - At Completion (Column (15)) by subtracting Column (15) from Column (14). A negative value (indicated by parentheses) reflects an unfavorable variance. Significant variances as specified in the contract shall be fully explained in Format 5. If the contract does not specify variance analysis thresholds, the contractor shall provide appropriate variance analyses. (See 2.6.3 below.)

2.3 Format 2 - Organizational Categories.

2.3.1 Performance Data.

2.3.1.1 Column (1) - Organizational Category. In Block 5.a list the organizational categories that reflect the contractor's internal management structure. This format shall be used to collect organizational cost information at the total contract level for organizational elements rather than for individual CWBS elements. This column shall also identify each major subcontractor as defined in the contract. The individual subcontractor line shall reconcile with the cost to the prime (includes subcontractor fee, MR, UB, G&A, cost of money, etc.) or shall track directly with the subcontractor submittal consistent with the company/program documented process for subcontract integration. The process for subcontract integration shall be explained in Format 5. This column shall also identify each major subcontractor and each major vendor separately as an add item. (Note: The separation of subcontractor efforts is for reporting purposes and not intended to impact how contracts are managed.) Except for material included in the add item for each major subcontractor or major vendor, the column shall also identify material separately as an add item. The level of detail to be reported normally will be limited to the organizational level immediately under the operating head of the facility. The contractor may report this information according to its own internal management structure. If the contractor is organized by product teams, this format may not be needed because it may resemble Format 1.

2.3.1.2 Cost of Money. Enter in Columns (2) through (16) of Block 5.b the Facilities Capital Cost of Money applicable to the contract.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.3.1.3 General and Administrative. Enter in Columns (2) through (16) of Block 5.c the appropriate G&A costs. If G&A costs have not been included in the CWBS costs reported in Block 5.a above, G&A shall be shown as an add entry in Block 5.a. If G&A costs have been included in the CWBS costs reported in Block 5.a above, G&A shall be shown as a non-add entry in Block 5.c with an appropriate notation to that effect. If a G&A classification is not used, no entry shall be made other than an appropriate notation to that effect. (See 2.2.4.3 above.)

2.3.1.4 Undistributed Budget. Enter in Column (14) of Block 5.d the budget applicable to contract effort that cannot be planned in sufficient detail to be assigned to a responsible organizational area at the reporting level. The amount shown on this format may exceed the amount shown as UB on Format 1 if budget is identified to a task at or below the CWBS reporting level but organizational identification has not been made; or may be less than the amount on Format 1 where budgets have been assigned to organizations but not to CWBS elements. Enter in Column (15) of Block 5.d the EAC for the scope of work represented by the UB in Column (14) of Block 5.d. Enter in Column (16) of Block 5.d the variance, if any, and fully explain it in Format 5. (See 2.2.4.4 above.)

2.3.1.5 Subtotal (Performance Measurement Baseline). Enter the sum of the direct, indirect, cost of money, and G&A costs and budgets in Columns (2) through (16) of Blocks 5.a through 5.e. (See 2.2.4.5 above.)

2.3.1.6 Management Reserve. In Column (14) of Block 5.f enter the amount of budget identified as MR. The Management Reserve entry should agree with the amounts shown in Formats 1 and 3. (See 2.2.4.6 above.)

2.3.1.7 Total. Enter the sum of all direct, indirect, cost of money, and G&A costs and budgets, UB, and MR (if applicable) in Columns (2) through (14) of Block 5.g. The totals on this page should equal the Total line on Format 1. The total of Column (14) should equal the Total Allocated Budget shown in Block 5.f on Format 3.

2.3.2 Columns (2) Through (16). The instructions applicable to these columns are the same as the instructions for corresponding columns on Format 1. (See 2.2.6 and 2.2.6.1 through 2.2.6.10 above.)

2.4 Format 3 - Baseline.

2.4.1 Contract Data.

2.4.1.1 Original Negotiated Cost. Enter in Block 5.a the dollar value (excluding fee or profit) negotiated in the original contract. For a cost plus fixed fee, incentive, or award fee contract, enter the estimated cost negotiated. For an incentive contract, enter the definitized contract target cost.

2.4.1.2 Negotiated Contract Changes. Enter in Block 5.b the cumulative cost (excluding fee or profit) applicable to definitized contract changes that have occurred since the beginning of the contract.

2.4.1.3 Current Negotiated Cost. Enter in Block 5.c the sum of Blocks 5.a and 5.b. The amount shown should equal the current dollar value (excluding fee or profit) on which contractual agreement has been reached and should be the same as the amount in Negotiated Cost (Block 5.b) on Format 1.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.4.1.4 Estimated Cost of Authorized, Unpriced Work. Enter in Block 5.d the estimated cost (excluding fee or profit) for contract changes for which authorization has been received from the contracting officer, but for which contract prices have not been incorporated in the contract, as shown in Block 5.c of Format 1.

2.4.1.5 Contract Budget Base. Enter in Block 5.e the sum of Blocks 5.c and 5.d.

2.4.1.6 Total Allocated Budget. Enter in Block 5.f the sum of all budgets allocated to the performance of the contractual effort. The amount shown shall include all MR and UB. This amount should be the same as that shown on the Total line in Column (14) on Format 1 (Block 8.g) and Format 2 (Block 5.g).

2.4.1.7 Difference. Enter in Block 5.g the difference between Blocks 5.e and 5.f. In most cases, the amounts shown in Blocks 5.e and 5.f will be identical. If the amount shown in Block 5.f exceeds that shown in Block 5.e, it usually is an indication of a formal reprogramming (over target baseline). The difference shall be explained in Format 5 at the time the negative value appears and subsequently for any changes in the difference between Contract Budget Base and the Total Allocated Budget.

2.4.1.8 Contract Start Date. Enter in Block 5.h the date the contractor was authorized to start work on the contract, regardless of the date of contract definitization. (Note: Long-lead procurement efforts authorized under prior contracts are not to be considered.)

2.4.1.9 Contract Definitization Date. Enter in Block 5.i the date the contract was definitized.

2.4.1.10 Planned Completion Date. Enter in Block 5.j the completion date to which the budgets allocated in the PMB have been planned. This date represents the planned completion of all significant effort on the contract. The cost associated with the schedule from which this date is taken is the Total Allocated Budget (Block 5.f of Format 3).

2.4.1.10.1 Performance Measurement Schedule Inconsistent With Contractual Schedule. In exceptional cases, the contractor may determine that the existing contract schedule cannot be achieved and no longer represents a reasonable basis for management control. With Government approval, the contractor may rephrase its performance measurement schedule to new dates that exceed the contractual milestones, a condition known as "over target schedule." These new dates are for performance measurement purposes only and do not represent an agreement to modify the contract terms and conditions.

2.4.1.10.2 Over Target Schedule Agreement. The Government and the contractor shall agree on the new performance measurement schedule prior to reporting it in the CPR. The contractor shall provide pertinent information in Format 5 on any schedule milestones that are inconsistent with contractual milestones, beginning the month the schedule is implemented and each month thereafter.

2.4.1.10.3 Indicators of a Performance Measurement Schedule Inconsistent With the Contractual Schedule. Formal reprogramming or internal replanning may result in performance measurement milestones that are inconsistent with the contractual milestones (Over Target Schedule). A difference between the planned completion date (Block 5.j) and the contract completion date (Block 5.k) usually indicates that some or all of the performance measurement milestones are inconsistent with the contractual milestones.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.4.1.11 Contract Completion Date. Enter in Block 5.k the contract scheduled completion date in accordance with the latest contract modification. The cost associated with the schedule from which this date is taken is the Contract Budget Base (Block 5.e of Format 3).

2.4.1.12 Estimated Completion Date. Enter in Block 5.l the contractor's latest revised estimated completion date. This date represents the estimated completion of all significant effort on the contract. The cost associated with the schedule from which this date is taken is the "most likely" management EAC (Block 6.c.1 of Format 1).

2.4.2 Performance Data.

2.4.2.1 Column (1) - Performance Measurement Baseline (Beginning of Period). Enter in Block 6.a the time-phased PMB (including G&A) that existed at the beginning of the current reporting period. Most of the entries on this line (e.g., for Columns (4) through (9)) are taken directly from the PMB (End of Period) line on the previous report. For example, the number in Column (4) on the PMB (End of Period) line from the last report becomes the number in Column (3) on the PMB (Beginning of Period) line on this report. The number in Column (5) (End of Period) last report becomes Column (4) (Beginning of Period) on this report, etc. (if each of the two columns covers the same length of time).

2.4.2.2 Baseline Changes. In Block 6.b, list all significant baseline changes that have occurred during the reporting period. This listing shall include the contract changes and supplemental agreements authorized during the reporting period, allocations from MR and UB, and any significant rephasing of budgets. All significant authorized baseline changes shall be listed whether priced or unpriced.

2.4.2.3 Performance Measurement Baseline (End of Period). Enter in Block 6.c the time-phased PMB as it exists at the end of the reporting period. The difference between this line and the PMB (Beginning of Period) represents the effects of all significant changes, including the authorized changes, allocations of MR made during the period, and changes to time phasing due to internal replanning or formal reprogramming. The reasons for these changes shall be explained in Format 5.

2.4.2.4 Management Reserve. Enter in Block 7 the total amount of MR remaining as of the end of the reporting period. This value should agree with the amounts shown as MR in Formats 1 and 2.

2.4.2.5 Total. Enter in Column (16) of Block 8 the sum of Column (16) of Block 6.c (PMB (End of Period)) and Column (16) of Block 7 (Management Reserve). This amount should be the same as that shown on the Total line (Block 8.g) in Column (14) on Format 1.

2.4.3 Column (2) - BCWS - Cumulative To Date. On the PMB (Beginning of Period) line (Block 6.a), enter the cumulative BCWS as of the first day of the reporting period. This should be the same number reported as BCWS - Cumulative To Date on the Total line (Column (7) of Block 8.g) of Format 1 of the previous CPR. On the PMB (End of Period) line (Block 6.c), enter the cumulative BCWS as of the last day of the reporting period. This should be the same number reported as BCWS - Cumulative to Date on the Total line (Column (7) of Block 8.g) of Format 1 for this CPR.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.4.4 Column (3) - BCWS For Report Period. On the PMB (Beginning of Period) line (Block 6.a), enter the BCWS planned for the reporting period. This should be the number in Column (4) on the PMB (End of Period) line (Block 6.c) on the previous CPR.

2.4.5 Columns (4) Through (14). Enter the names of each month for the contract period of performance in the headings of each of the Columns (4) through (9), and the names of the appropriate periods in the headings of each of the Columns (10) through (14) of Block 6. Columns beyond (14) may be added when necessary or desirable. In the PMB (Beginning of Period) line (Block 6.a), enter the BCWS projection reported in Format 3 of the previous CPR as PMB (End of Period) (Block 6.c). In the PMB (End of Period) line (Block 6.c) of this report, enter the projected BCWS by month for the next six months and for periodic increments (monthly, quarterly, or annually) thereafter for the remainder of the contract. The time phasing of each item listed in Column (1) of Block 6.b need not be shown in Columns (4) through (14). It is useful to show the time phasing of any baseline changes. (Note: For the purposes of illustration, Sample Format 3 has Columns (4) through (14) for reporting BCWS. The actual number of columns will vary from contract to contract.)

2.4.6 Column (15) - Undistributed Budget. On the PMB (Beginning of Period) line (Block 6.a), enter the number from Column (15) on the PMB (End of Period) line (Block 6.c) from the previous CPR. On the PMB (End of Period) line, enter the UB shown in Column (14) of Block 8.d on Format 1 of this report.

2.4.7 Column (16) - Total Budget. On the PMB (Beginning of Period) line (Block 6.a) enter the number from Column (16) on the PMB (End of Period) line (Block 6.c) from the previous CPR. In the section where baseline changes that occurred during the period are listed (Column (1) of Block 6.b), enter the amount of each of the changes listed. On the PMB (End of Period) line (Block 6.c), enter the sum of the amounts in the preceding columns on this line. On the Management Reserve line (Block 7), enter the amount of MR available at the end of the period. On the Total line (Block 8) enter the sum of the amounts in this column on the PMB (End of Period) line and the Management Reserve line. (Note: This should equal the amount in Block 5.f on this format and also the amount of the Total line in Column (14), Block 8.g, of Format 1.)

2.5 Format 4 - Staffing.

2.5.1 Performance Data. For those organizational categories shown in Column (1) of Block 5, equivalent months shall be indicated for the current reporting period (Column (2)), cumulative through the current period (Column (3)), forecast to completion (Columns (4) through (14)), and at completion (Column (15)). Direct equivalent months shall be shown for each organizational category for the contract. An equivalent month is defined as the effort equal to that of one person for one month. Values shall be reported in whole numbers. (Note: Partial months, .5 and above, shall be rounded to 1; below .5 to 0.) When the Government and the contractor agree, staffing may be reported in equivalent days or hours.

2.5.1.1 Column (1) - Organizational Category. In Block 5, list the organizational categories that reflect the contractor's internal management structure. Format 4 categories may differ from those reported in Format 2. If the Government needs different categories in Formats 2 and 4, the Format 4 categories shall be addressed during negotiations. (See f.4 above.)

2.5.1.2 Total Direct. In Block 6, Columns (2) through (15), enter the sum of all direct equivalent months for the organizational categories shown in Column (1).

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.5.2 Column (2) - Actual - Current Period. Enter the actual equivalent months incurred during the current reporting period.

2.5.3 Column (3) - Actual End of Current Period (Cumulative). Enter the actual equivalent months incurred to date (cumulative) as of the end of the reporting period.

2.5.4 Columns (4) Through (14) - Forecast (Non-Cumulative). Enter the names of each month for the contract period of performance in the headings of each of the Columns (4) through (9), and the names of the appropriate periods in the headings of each of the Columns (10) through (14) of Block 5. Enter a staffing forecast by month for the next six months and for periodic increments (monthly, quarterly, or annually) thereafter for the remainder of the contract. The staffing forecast shall be updated as part of the formal EAC process followed by the contractor. The staffing forecast shall reflect the same staffing estimate used as the basis for the EAC in Column (15) on both Format 1 and Format 2. (Note: For the purposes of illustration, Sample Format 4 has Columns (4) through (14) for reporting staffing forecast. The actual number of columns will vary from contract to contract.)

2.5.5 Column (15) - Forecast at Completion. Enter the estimate of equivalent months necessary for the total contract in Column (15) by organizational category. This estimate shall be consistent with the "most likely" management EAC shown in Column (15) of Block 8.e of Format 1. Any significant change in the total number of equivalent months at completion of the contract (i.e., Column (15) Total) shall be explained in Format 5.

2.6 Format 5 - Explanations and Problem Analyses.

2.6.1 General. Format 5, Explanations and Problem Analyses, is a narrative report prepared to amplify and explain data in the other CPR formats. Format 5 shall normally address the following: (1) contractually required cost, schedule, and EAC variance analyses, (2) MR changes and usage, (3) UB contents, (4) differences between the best case, worst case, and most likely management EAC, if any, (5) the difference between the most likely management EAC and the estimate in Block 8.e of Column (15), if any, (6) significant differences between beginning of period PMB time phasing and end of period PMB time phasing in Format 3, (7) performance measurement milestones that are inconsistent with contractual milestones (Over Target Schedule), (8) formal reprogramming (over target baseline) implementation details, and (9) significant staffing estimate changes in Format 4. Any other topic relevant to contract cost, schedule, or technical performance may be addressed in this format. The date(s) of the Integrated Baseline Review(s) may also be addressed in this format. Contractors may elect to attach subcontractor Format 5 reporting and cross reference this analysis in the Format 5 reporting submitted to the Government to gain time efficiencies and meet submission dates.

2.6.2 Total Contract. Provide a summary analysis that identifies significant problems affecting performance. Indicate corrective actions required, including Government action where applicable. Significant changes since the previous report shall be highlighted. Discuss any other issues affecting successful attainment of contract cost, schedule, or technical objectives that the contractor deems significant or noteworthy. This section is brief, normally one page.

2.6.3 Cost and Schedule Variances. Explain all variances that exceed specified variance thresholds. Explanations of variances shall clearly

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

identify the nature of the problem, significant reasons for cost or schedule variance, effect on the immediate task, impact on the total contract, and the corrective action taken or planned. Explanations of cost variances shall identify amounts attributable to rate changes separately from amounts applicable to hours worked; amounts attributable to material price changes separately from amounts applicable to material usage; and amounts attributable to overhead rate changes separately from amounts applicable to overhead base changes or changes in the overhead allocation basis. To reduce the volume of variance analysis explanations, the contractor may refer to a prior CPR's variance analysis explanations if the explanation for the current CPR's variance has not changed significantly. Explanations of schedule variances and the impact on the contract shall be performed in parallel with the schedule analysis called out by the IMS DID. Accordingly, there is a requirement in b. above for the IMS DID, DI-MGMT-81650, to be used in conjunction with this DID. (See 2.2.6.4 and 2.2.6.5 above.)

2.6.3.1 Setting Variance Analysis Thresholds. In Format 5, the Government will require only that amount of variance analysis that satisfies its management information needs. Excessive variance analysis is burdensome and costly, and detracts from the CPR's usefulness, while too little information is equally undesirable.

2.6.4 Other Analyses. In addition to variance explanations, the following analyses are mandatory:

2.6.4.1. Management Estimate at Completion. If the best or worst case management EACs differ from the most likely estimate (Column (1) of Block 6 of Format 1), a brief explanation of the difference shall be provided. Also, if the most likely management EAC differs from the total entered in Column (15) of Format 1 or 2, the difference shall be explained. The explanations shall focus on such areas as a knowledgeable, realistic risk assessment; projected use of MR; estimate for UB; and higher management's knowledge of current or future contract conditions. The assumptions, conditions, and methodology underlying all management EACs shall be explained. (See 2.2.2 to 2.2.2.3, 2.2.2.5, 2.2.6.9, and 2.2.6.10 above.)

2.6.4.2 Undistributed Budget. Identify the effort to which the UB applies. Also, explain any variance between the UB and the estimate for UB in Formats 1 and 2. (See 2.2.4.4 and 2.3.1.4 above.)

2.6.4.3 Management Reserve Changes. Identify the sources and uses of MR changes during the reporting period. Identify the CWBS and organizational elements to which MR is applied, and the reasons for its application. (See 2.2.4.6 above.)

2.6.4.4 Baseline Changes. Explain reasons for significant shifts in time phasing of the PMB shown on Format 3. (See 2.4.2.3 above.)

2.6.4.5 Staffing Level Changes. Explain significant changes in the total staffing EAC shown on Format 4. Also, explain reasons for significant shifts in time phasing of planned staffing. (See 2.5.5 above.)

2.6.5 Formal Reprogramming (Over Target Baseline). If the difference shown in Block 5.g on Format 3 becomes a negative value or changes in value, provide information on the following:

2.6.5.1 Authorization. Procuring activity authorization for the baseline change that resulted in negative value or change.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81466A

2.6.5.2 Reason. A discussion of the reason(s) for the change.

2.6.5.3 CPR Reporting. A discussion of how the change affected CPR reporting (i.e., amount allocated to MR, adjustments to cost or schedule variances, etc.). (See 2.4.1.7, 2.2.5.1, and 2.2.6.7 above.)

2.6.5.4 Schedule. Indicate whether the contract schedule was retained for performance measurement or was replaced with a schedule that exceeds the contractual schedule (Over Target Schedule).

2.6.6 Over Target Schedule. If a performance measurement schedule exceeding the contractual schedule (Over Target Schedule) has been implemented, provide a discussion of the pertinent information, such as authorization, reasons, and significant dates. (See 2.4.1.10.1 above.)

END OF DI-MGMT-81466A

Data Item Description (DID)

Integrated Master Schedule (IMS)

CEVM CONTRACT REQUIREMENTS TOOLKIT

DATA ITEM DESCRIPTION

TITLE: INTEGRATED MASTER SCHEDULE (IMS)
NUMBER: DI-MGMT-81650
AMSC NUMBER: D7544
DTIC APPLICABLE:
PREPARING ACTIVITY: OUSD(AT&L)ARA/AM(SO)

APPROVAL DATE: 20050330
LIMITATION:
GIDEP APPLICABLE:

APPLICABLE FORMS: None

USE/RELATIONSHIP: The Integrated Master Schedule (IMS) is an integrated schedule containing the networked, detailed tasks necessary to ensure successful program execution. The IMS is vertically traceable to the Integrated Master Plan (IMP) (if applicable), the Contract Work Breakdown Structure (CWBS), and the Statement of Work (SOW). The IMS shall be used to verify attainability of contract objectives, to evaluate progress toward meeting program objectives, and to integrate the program schedule activities with all related components. This DID is applicable to development, major modification, and low rate initial production efforts; it is not typically applied to full rate production efforts.

- a. This Data Item Description (DID) contains the format and content preparation instructions for the data product generated by the specific and discrete task requirement as delineated in the contract.
- b. This DID shall be applied to contracts that require Earned Value Management (EVM) and other contracts based on the contract risk assessment. Refer to the Earned Value Management Implementation Guide (EVMIG) for guidance on tailoring reporting.
- c. The prime contractor is required to include significant external interfaces and critical items from suppliers, teammates, or other detailed schedules that depict significant and/or critical elements and Government furnished equipment or information dependencies for the entire contractual effort in a single integrated network. The determination of significant and critical shall be agreed to by the Government and the contractor and shall be defined and documented in the Contract Data Requirements List (CDRL).
- d. The IMS shall be statused according to the contractor's management control system and shall be submitted no less frequently than monthly. If a Contract Performance Report (CPR) is required, the IMS shall be statused and submitted to the procuring activity prior to or concurrently with CPR Formats 1-5 (as applicable). The IMS may reflect data either as of the end of the calendar month or as of the contractor's accounting period cutoff date, provided it is consistent and traceable to the CPR (if applicable). When subcontractor schedule data reflects a different status date than the prime contractor's schedule status date, these status dates shall be described in the analysis section of the IMS.
- e. This DID shall be used in conjunction with the CWBS DID, DI-MGMT-81334A, and the CPR DID, DI-MGMT-81466. (Note: The IMS DID may be required when there is no EVM (CPR) requirement.)

REQUIREMENTS:

1. Format. The IMS shall be created using a network capable Commercially Off the Shelf (COTS) scheduling software application. Unless otherwise provided in the CDRL, the IMS shall be delivered electronically in the native digital format (i.e., an electronic file produced by the contractor's scheduling

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81650

tool). (Note: When the technology is available, the CDRL may be tailored, upon agreement between the prime contractor and the Government representative, to allow the American National Standards Institute (ANSI) X12 standard (806 transaction set), the United Nations Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) standard (PROTAP message), or the XML equivalent to be used to submit data electronically to the procuring activity with on-line access to the data.)

2. Content. The schedule shall contain the contract milestones, accomplishments, and discrete tasks/activities (including planning packages where applicable) from contract award to the completion of the contract. The schedule shall be an integrated, logical network-based schedule that correlates to the CWBS, and is vertically and horizontally traceable to the cost/schedule reporting instrument used to address variances such as the CPR (if applicable). The schedule shall have a numbering system that provides traceability to the IMP (if applicable) and SOW. It shall contain contractual milestones and descriptions and display summary, intermediate, and detailed schedules, and periodic analysis of progress to date. It shall include fields and data that enable the user to access the information by product, process, or organizational lines.

2.1 Contract Milestones and Definitions. Key programmatic events, which define progress and completion for each CWBS element, along with the definition for successful completion of the milestone.

2.2 Summary Master Schedule. A top-level schedule of key tasks/activities and milestones at the summary level of the CWBS and IMP (if applicable). It shall be an integrated roll up of the intermediate and detailed schedules (see 2.3 and 2.4 below) (vertical integration).

2.3 Intermediate Schedules. Mid-level contract schedules that include key tasks/activities and milestones and all associated accomplishments in the summary master schedule, traceable to the CWBS element or IMP event as necessary to display work effort at the intermediate level of summarization. There may be several intermediate schedules that depict varying levels of detail. They shall be integrated roll ups of the detailed schedules (see 2.4 below) (vertical integration).

2.4 Detailed Schedules. The lowest level of contract tasks/activities that form the network. The detailed schedules shall contain horizontal and vertical integration, as a minimum, at the work package and planning package level. The detailed schedules shall include all tasks/activities, work packages, and planning packages identified in the contract Performance Measurement Baseline (PMB). Every discrete task/activity, work package, and planning package shall be clearly identified and directly related to a control account. Work packages and planning packages shall be individually represented and summarize to or reconcile with the total budget for that control account. If Level of Effort (LOE) control accounts, work packages, or planning packages are included as tasks in the IMS, they shall be clearly identified as such. The detailed tasks/activities, work packages, and planning packages shall be traceable to only one CWBS, IMP, and performing organizational element, as applicable. The level of detail in the IMS (including number and duration of tasks/activities) shall follow the contractor's EVM process as documented in the EVMS system description, program directives, etc. Shorter-term work packages (ideally equal in length to the statusing interval) are preferred because they provide more accurate and reliable measures of work accomplished.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81650

2.4.1 Key Elements of Detailed Schedules. The key elements of the detailed schedules include the following:

2.4.1.1 Task/Activity. An element of work with duration.

2.4.1.2 Milestone. A specific definable accomplishment in the contract network, recognizable at a particular point in time. Milestones have zero duration and do not consume resources.

2.4.1.3 Duration. The length of time estimated (or realized) to accomplish a task/activity.

2.4.1.4 Percent Complete (Schedule). The proportion of an activity or task that has been completed to time now. This usually involves updating or statusing the activity or task utilizing one of two methods: (1) update the remaining time to complete (remaining duration) and the scheduling software will then automatically update the schedule percent complete or (2) update the schedule percent complete and allow the scheduling software to calculate the time remaining (remaining duration) to complete. Either method will use the following formula: $\text{Percent of Duration Completed} = (\text{Actual Duration} / \text{Total Duration}) \times 100$.

2.4.1.5 Task/Activity and Milestone Descriptions. These are descriptive titles that are concise, complete, and clearly identify the work effort being accomplished. Abbreviations may be used to shorten the descriptive titles.

2.4.1.6 Task/Activity Codes and Data Dictionary. A list of field definitions and code structures. This list shall be provided to the procuring activity.

2.4.1.7 Relationship/Dependency. These identify how predecessor and successor tasks/activities and milestones are logically linked. Relationships, also called network logic, are modeled in four ways:

2.4.1.7.1 FS (Finish to Start). A predecessor task/activity or milestone that must finish before a succeeding task/activity or milestone can start. FS relationships shall be used whenever possible.

2.4.1.7.2 SS (Start to Start). A predecessor task/activity or milestone that must start before a succeeding task/activity or milestone can start.

2.4.1.7.3 FF (Finish to Finish). A predecessor task/activity or milestone that must finish before a succeeding task/activity or milestone can finish.

2.4.1.7.4 SF (Start to Finish). A predecessor task/activity or milestone that must start before a succeeding task/activity or milestone can finish.

2.4.1.8 Total Float/Slack. The amount of time a task/activity or milestone can slip before it delays the contract or project finish date.

2.4.1.9 Free Float/Slack. The amount of time a task/activity or milestone can slip before it delays any of its successor tasks/activities or milestones.

2.4.1.10 Lag. An interval of time that must occur between a predecessor and successor task/activity or milestone. Since negative time is not demonstrable, negative lag is not encouraged. (Note: Lag should not be used to manipulate float/slack or constrain schedule.)

2.4.1.11 Early Start (ES). The earliest start date a task/activity or milestone can begin the precedence relationships. A computer-calculated date.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81650

2.4.1.12 Early Finish (EF). The earliest finish date a task/activity or milestone can end. A computer-calculated date.

2.4.1.13 Late Start (LS). The latest start date a task/activity or milestone can start without delaying the contract or project target completion date. A computer-calculated date.

2.4.1.14 Late Finish (LF). The latest date a task/activity or milestone can finish without delaying the contract or project target completion date. A computer-calculated date.

2.4.1.15 Critical Path. A sequence of discrete tasks/activities in the network that has the longest total duration through the contract or project. Discrete tasks/activities along the critical path have the least amount of float/slack. The critical path and near-critical paths (reporting requirements for near-critical paths shall be specified in the CDRL) are calculated by the scheduling software application. The guidelines for critical path and near-critical path reporting are as follows:

2.4.1.15.1 Methodology. The IMS software application computes a critical path and near-critical paths based on precedence relationships, lag times, durations, constraints, and status. Artificial constraints and incorrect, incomplete, or overly constrained logic shall be avoided because they can skew the critical path and near-critical paths.

2.4.1.15.2 Identification. The critical path shall be easily identified.

2.4.1.16 Constraints. Limits applied to network start and finish dates (e.g., "finish no later than"). (Note: Certain types of constraints should be used judiciously because they may impact or distort the network critical path.)

2.4.1.17 Current Schedule. The IMS reflects the current status and forecast. It includes forecasted starts and finishes for all remaining tasks/activities and milestones. Significant variances to the baseline schedule shall be explained in the periodic analysis. Thresholds for reporting shall be specified in the CDRL.

2.4.1.18 Baseline Schedule. Baseline dates in the IMS shall be consistent with the baseline dates in the PMB for all work packages, planning packages, and control accounts (if applicable). The guidelines for maintaining the baseline schedule are as follows:

2.4.1.18.1 Schedule Changes. Changes to the schedule shall be baselined when incorporated into the schedule.

2.4.1.18.2 Baseline Schedule Changes. Changes to the baseline schedule shall be made in accordance with the contractor's EVM process. Any movement of contractual milestones in the baseline schedule shall be derived only from either authorized contract changes or an approved over target schedule.

2.4.1.19 Schedule Progress. The IMS shall reflect actual progress and maintain accurate start and finish dates for all tasks/activities and milestones. The guidelines for reflecting schedule progress are as follows:

2.4.1.19.1 Actual Start and Finish Dates. Actual start and actual finish dates shall be recorded in the IMS. Actual start and actual finish dates, as recorded, shall not be later than the status date.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81650

2.4.1.19.2 Progress Line. The progress line depicted in a Gantt chart shall be applied to the current schedule.

2.4.1.20 Retention of Data for Completed Tasks/Activities. Historical performance on completed tasks/activities shall be maintained electronically for analytical use. Historical performance shall be maintained at the time of key program events (Integrated Baseline Review, Critical Design Review, etc.) for all critical tasks/activities. Data to be retained includes logic, actual and baseline durations, actual and baseline start and finish dates, and the three-point estimates that were used before the task/activity started.

2.4.1.21 External Dependencies. The IMS shall identify significant external dependencies that involve a relationship or interface with external organizations, including all Government furnished items (e.g., decisions, facilities, equipment, information, data, etc.). The determination of significant shall be agreed to by the Government and contractor and shall be defined and documented in the CDRL. The required or expected delivery dates shall also be identified in the IMS.

2.4.1.22 Schedule Margin. A management method for accommodating schedule contingencies. It is a designated buffer and shall be identified separately and considered part of the baseline. Schedule margin is the difference between contractual milestone date(s) and the contractor's planned date(s) of accomplishment.

2.4.1.23 Schedule Risk Assessment. A schedule risk assessment predicts the probability of project completion by contractual dates. Three-point estimates shall be developed for remaining durations of remaining tasks/activities that meet any of the following criteria: (1) critical path tasks/activities, (2) near-critical path tasks/activities (as specified in the CDRL), (3) high risk tasks/activities in the program's risk management plan. These estimates include the most likely, best case, and worst case durations. They are used by the contractor to perform a probability analysis of key contract completion dates. The criteria for estimated best and worst case durations shall be applied consistently across the entire schedule and documented in the contractor's schedule notes and management plan. The guidelines for estimates are as follows:

2.4.1.23.1 Most Likely Estimate. Schedule durations based on the most likely estimates.

2.4.1.23.2 Best/Worst Case Estimates. Best and worst case assumptions shall be disclosed.

The contractor schedule risk assessment shall explain changes to the critical path, margin erosion, and mitigation plans. It shall be incorporated into the contractor's program risk management process. The schedule risk assessment shall be submitted as specified in the CDRL and prior to the Integrated Baseline Review. The risk analysis may be performed within the IMS or within a separate risk tool as appropriate based on the capability of the automated scheduling tool.

2.4.1.24 User Defined Fields. All user defined fields in the IMS shall be identified by providing a mapping of all fields used in the scheduling software application.

CEVM CONTRACT REQUIREMENTS TOOLKIT

DI-MGMT-81650

2.4.1.25 Reserved Fields. The Government may reserve some fields and/or require the contractor to use certain fields for specific information. The requirement for reserved fields shall be specified in the CDRL.

2.4.1.26 Calendar. The arrangement of normal working days, together with non-working days, such as holidays, as well as special work days (i.e., overtime periods) used to determine dates on which project work will be completed.

2.5 Monthly Analysis. Monthly analysis is a monthly assessment of schedule progress to date and includes changes to schedule assumptions, variances to the baseline schedule, causes for the variances, potential impacts, and recommended corrective actions to minimize schedule delays. The analysis shall also identify potential problems and an assessment of the critical path and near-critical paths. Thresholds for reporting significant variances to the baseline schedule and near-critical paths shall be specified in the CDRL. If a CPR Format 5 is required, the monthly analysis shall be submitted to the procuring activity prior to or concurrently with the CPR Format 5.

END OF DI-MGMT-81650

Data Item Description (DID)

Contract Funds Status Report (CFSR)

*For a clearer version of this DID instruction see:
http://www.acq.osd.mil/pm/currentpolicy/cpr_cfsr/cfsr_fnl.html

CEVM CONTRACT REQUIREMENTS TOOLKIT

OMB NO. 0704-0188

Public reporting burden for this collection of information is estimated to average 116 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Service, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503.

1. TITLE CONTRACT FUNDS STATUS REPORT (CFSR)	2. IDENTIFICATION NUMBER DI-MGMT-81468
--	--

DESCRIPTION/PURPOSE
 1 The Contract Funds Status Report (CFSR), DD Form 1586, Sample Format 1, is designed to supply funding data about defense contracts to Program Managers for: (a) updating and forecasting contract funds requirements, (b) planning and decision making on funding changes to contracts, (c) developing funds requirements and budget estimates in support of approved programs, (d) determining funds in excess of contract needs and available for deobligation, and (e) obtaining rough estimates of termination costs.

4. APPROVAL DATE (YYMMDD) 951019	5. OFFICE OF PRIMARY RESPONSIBILITY (OPR) OUSD (A&T) API/PM	6A. DTIC APPLICABLE	6B. GDSR APPLICABLE
--	---	----------------------------	----------------------------

7. APPLICATION/INTERRELATIONSHIP
 7.1 This Data Item Description (DID) contains the format and content preparation instructions for the data product generated by the specific and discrete task requirements as delineated in the contract.

7.2 This DID may be used in conjunction with the Contract Work Breakdown Structure DID, DI-MGMT-81334, the Cost Performance Report DID, DI-MGMT-81466, and the Cost/Schedule Status Report DID, DI-MGMT-81467.

7.3 Contractual Application. The CFSR is applicable to contracts over 6 months in duration. No specific application thresholds are established, but application to contracts of less than \$1,000,000 (constant fiscal year (FY) 1990 dollars) should be evaluated carefully to ensure only the minimum information necessary for effective management control is required. The CFSR will not be applied to firm fixed price contracts (as defined in FAR 16.202) unless unusual circumstances require specific funding visibility. CFSRs may be applied to unpriced portions of firm fixed price contracts that are estimated to be in excess of twenty (20) percent of the initial contract value. Only those parts of the CFSR essential to the management of each acquisition will be required. The DoD Program Manager will determine the need for contract funds information and apply only those portions of the CFSR deemed appropriate. To ensure that only minimum data is required over the life of the contract, provisions should be included in the contract to review reporting requirements at least annually and change them, if necessary, at no charge to the Government. (Continued on page 2)

8. APPROVAL LIMITATION	9A. APPLICABLE FORMS DD Form 1586	9B. AMS NUMBER D7122
-------------------------------	---	--------------------------------

10. PREPARATION INSTRUCTIONS
 10.1 Format. Contractor formats should be substituted whenever they contain all the required data elements at the specified reporting levels in a form suitable for DOD management.

10.2 Content. The CFSR shall contain the following information:

10.2.1 Item 1 - Contract Number. Enter the assigned contract number and the latest modification number on which contractual agreement has been reached.

10.2.2 Item 2 - Contract Type. Enter the type of contract as identified in FAR Part 16 (e.g., Cost Plus Fixed Fee (CPFF), Fixed Price Incentive (FPI), etc.).

10.2.3 Item 3 - Contract Funding For... Enter the applicable type as follows:

- Multi-Year Procurement (MYP)
- Incrementally Funded Contract (INC)
- Contract for a Single Year (SYC)

10.2.3.1 For FY. For contracts which are financed with funds appropriated in more than one fiscal year, a report is required for each fiscal year's funds where the separate year's funds in the contract are associated with specific quantities of hardware, or services to be furnished. The fiscal year(s) being reported will be shown in this block and that year's share of the total target prices (initial and adjusted) will be shown in Items 9 and 10. (Continued on page 3)

11. DISTRIBUTION STATEMENT
 Distribution Statement A: Approved for public release; distribution is unlimited.

CEVM CONTRACT REQUIREMENTS TOOLKIT

10/19/95

Block 7, Application/Interrelationship (Continued)

7.3.1 Level of Reporting. If a contract is funded with a single appropriation, a single line entry at the total contract level should be considered for CFSR reporting. Reporting by line item or WBS element will be limited to only those items or elements needed to support funds management requirements. A reduced level of reporting may be implemented on contracts (a) with a dollar value between \$250,000 and \$1,000,000 (constant FY 1990 dollars); (b) that are for time and material; or (c) for which only limited funding requirements information is needed.

7.3.2 Multiple Appropriations. Where two or more appropriation sources are used for funding a single contract, contractors will segregate funds data by appropriation accounting reference. The procuring agency will supply the appropriation numbers applicable to individual line items or WBS elements. If a single line item or WBS element is funded by more than one appropriation, methods for segregating and reporting such information will be negotiated and specified in the contract.

7.3.3 Electronic Data Interchange. The American National Standards Institute (ANSI) X12 standard (transaction set 839), or the United Nations Electronic Data Interchange For Commerce, Administration and Transport (EDIFACT) equivalent, will be used for EDI transmission.

7.4 Frequency and Submission. The CFSR will be a contractual requirement as set forth in the Contract Data Requirements List (CDRL) DD Form 1423. Unless otherwise provided in the contract, the CFSR will be prepared as of the end of each calendar quarter or contractor accounting period nearest the end of each quarter. The required number of copies of the CFSR will be forwarded within 25 calendar days after the "as of" date of the report, or as otherwise specified in the contract. In the event of exceptional circumstances which call for increased frequency in reporting, such frequency will not be more often than monthly and will be negotiated and specified in the contract.

7.5 Explanations of Terms.

7.5.1 Open Commitments. For this report, a commitment represents the estimated obligation of the contractor (excluding accrued expenditures) to vendors or subcontractors (based on the assumption that the contract will continue to completion).

7.5.2 Accrued Expenditures. For this report, include recorded or incurred costs as defined within the Allowable Cost, Fee and Payments Clause (FAR 52.216-7) for cost type contracts or the Progress Payments Clause (FAR 52.232-16) for fixed price type contracts, plus the estimated fee or profit earned. Such costs include:

7.5.2.1 Actual payments for services or items purchased directly for the contract.

7.5.2.2 Costs incurred, but not necessarily paid, for storeroom issues, direct labor, direct travel, direct other in-house costs and allocated indirect costs.

7.5.2.3 Progress payments made to subcontractors.

7.5.2.4 Pension costs provided they are paid at least quarterly.

7.5.3 Termination Costs. Although this report is prepared on the basis that the contract will continue to completion, it is necessary to report estimated termination cost by government fiscal year and generally by more frequent intervals on incrementally funded contracts. The frequency will be dependent on the funding need dates (i.e., quarterly) and should be compatible with the contract funding clauses, Limitation of Funds clause (cost type contracts) or

CEVM CONTRACT REQUIREMENTS TOOLKIT

Limitation of Obligation clause (fixed price type contracts). Termination costs include such items as loss of useful life of special tooling, special machinery and equipment; rental cost of unexpired leases; and settlement expenses. The definition of termination costs is included in FAR 31.205-42. In the event the Special Termination Costs clause (DFARS 252.249-7000) is authorized, then costs defined therein will be eliminated from the estimated termination costs.

7.6 The CFSR DID may be "tailored" in Block 16 of CDRL DD Form 1423. Tailoring is defined as deleting requirements from a DID. Requiring more information in the CFSR CDRL DD Form 1423 than specified in this DID is prohibited by DOD regulation. All negotiated reporting provisions will be specified in the contract's CDRL.

7.7 This DID supersedes DI-F-6004B.

Block 10, Preparation Instructions (Continued)

10.2.4 Item 4 - Appropriation. Enter the appropriation name (i.e., Research, Development, Test and Evaluation, Aircraft Procurement, etc.) and DoD Component (i.e., Air Force, Navy, etc.) in this block.

10.2.5 Item 5 - Previous Report Date. Enter the cut-off date of the previous report. (Year, Month, Day)

10.2.6 Item 6 - Current Report Date. Enter the cut-off date applicable to this report. (Year, Month, Day)

10.2.7 Item 7 - Contractor. Enter the name, division (if applicable), and mailing address of the reporting contractor.

10.2.8 Item 8 - Program. Identify the program by name or enter the type, model and series or other military designation of the prime item or items purchased on the contract. If the contract is for services or a level-of-effort (i.e., research, flight test, etc.), the title of the service should be shown.

10.2.9 Item 9 - Initial Contract Price. Enter the dollar amounts for the initial negotiated contract target price (or estimated price for non-incentivized contracts) and contract ceiling price when appropriate. For contracts which are financed with funds appropriated in more than one fiscal year, only the share of the total initial target and ceiling associated with the fiscal year shown in Item 3 will be entered.

10.2.10 Item 10 - Adjusted Contract Price. Enter the dollar amounts for the adjusted contract target price (initial negotiated contract plus supplemental agreements) and adjusted contract ceiling price or estimated ceiling price where appropriate. For contracts which are financed with funds appropriated in more than one fiscal year, only the share of the total adjusted target and ceiling associated with the fiscal year shown in Item 3 will be entered.

10.2.11 Item 11 - Funding Information.

10.2.11.1 Column a. - Line Item/Work Breakdown Structure (WBS) Element. Enter the line item or WBS elements specified for CFSR coverage in the contract.

10.2.11.2 Column b. - Appropriation Identification. Enter the appropriation number supplied by the DoD Component for the contract or, if applicable, each line item or WBS element.

CEVM CONTRACT REQUIREMENTS TOOLKIT

10.2.11.3 Column c. - Funding Authorized To Date. Enter dollar amounts of contract funding authorized under the contract from the beginning of the fiscal year(s) shown in Item 3 through the report date shown in Item 6.

10.2.11.4 Column d. - Accrued Expenditures Plus Open Commitments Total. For contract work authorized, enter the total of (a) the cumulative accrued expenditures incurred through the end of the reporting period, and (b) the open commitments on the "as of" date of the report. Enter the total applicable to funds for the fiscal year(s) covered by this report as shown in Item 3.

10.2.11.4.1 Separation of Open Commitments and Accrued Expenditures. On selected contracts, the separation of open commitments and accrued expenditures by line item or WBS element may be a negotiated requirement in the contract. Utilization of this provision should be held to the minimum essential to support information needs of the procuring agency. In the event this separation of data is not available in the contractor's accounting system or cannot be derived without significant effort, provision should be made to permit use of estimates. The procedures used by the contractor in developing estimates shall be explained in the Remarks section of the report.

10.2.11.4.2 Notice of Termination. When a Notice of Termination has been issued, potential termination liability costs will be entered in this column. They will be identified to the extent possible with the source of liability (prime or subcontract).

10.2.11.5 Column e. - Contract Work Authorized - Definitized. For the fiscal year(s) shown in Item 3, enter the estimated price for the authorized work on which contractual agreement has been reached, including profit/fee, incentive and cost sharing associated with projected over/underruns. Amounts for contract changes will not be included in this item unless they have been priced and incorporated in the contract through a supplemental agreement.

10.2.11.6 Column f. - Contract Work Authorized - Not Definitized. Enter the contractor's estimate of the funds requirements for performing required work (e.g., additional agreements or changes) for which firm contract prices have not yet been agreed to in writing by the parties to the contract. Report values only for items for which written orders have been received. For incentive type contracts, show total cost to the Government (recognizing contractor participation). Enter in the Remarks section a brief but complete explanation of the reason for the change in funds.

10.2.11.7 Column g. - Subtotal. Enter the total estimated price for all work authorized on the contract (Column e. plus Column f.).

10.2.11.8 Column h. - Forecast - Not Yet Authorized. Enter an estimate of funds requirements, including the estimated amount for fee or profit, for changes proposed by the Government or by the contractor, but not yet directed by the contracting officer. In the Remarks section state each change document number and estimated value of each change.

10.2.11.9 Column i. - Forecast - All Other Work. Enter an estimate of funds requirements for additional work anticipated to be performed (not included in a firm proposal) which the contractor, based on his knowledge and experience, expects to submit to the Government within a reasonable period of time.

10.2.11.10 Column j. - Subtotal. Enter an estimate of total requirements for forecast funding (the sum of Column h. plus Column i.). Specific guidelines on what the contractor may include in the funding forecast section may be made a part of the contract.

10.2.11.11 Column k. - Total Requirements. Enter an estimate of total funds requirements for contract work authorized and forecast (the sum of Column g. plus Column j.).

CEVM CONTRACT REQUIREMENTS TOOLKIT

10/17/99

DL-NSA-01400

10.2.11.12 Column l. - Funds Carryover. For incrementally funded contracts only, report the amount by which the prior federal fiscal year funding was in excess of the prior year's requirement. If there is no carryover, report zero. Specific instructions for the use of this item may be made a part of the contract.

10.2.11.13 Column m. - Net Funds Required. Enter an estimate of net funds required, subtracting funds carryover in Column l. from total requirements in Column k.

10.2.11.14 Column Totals. Totals should be provided for Columns c. through m. for all line items or WBS elements reported.

10.2.12 Item 12 - Contract Work Authorized (With Fee/Profit) - Actual Or Projected. Data entries will be as follows: In the first column, actuals cumulative to date; in all other columns except the last, projected cumulative amounts from the start of the contract to the end of the period indicated in the column heading; in the last column, the projected cumulative amounts from the start to the end of the contract or fiscal year being reported. When the contractor has developed a range of estimates at completion, the most likely estimate shall be used to develop the projected cumulative data in this item.

10.2.12.1 Column Headings. Columns 2 through 9 will be headed to indicate periods covering the life of the contract or fiscal year being reported and may be headed to show months, quarters, half years and/or fiscal years as prescribed by the procuring agency.

10.2.12.2 Data Composition. Projected data should include all planned obligations, anticipated accruals, anticipated over/under targets (total cost to the Government recognizing contractor participation), G&A, and fee/profit. For award fee contracts, the fee actually awarded will be included in Column 1, Actual to Date. The contractor shall describe in the Remarks section the amount, by period, and rationale for any award fee projections included in Columns 2 through 10.

10.2.12.3 Item 12.a. - Open Commitments. In the first column enter commitments open as of the date of the report. In subsequent columns enter the commitments projected to be open as of the end of each period indicated by the column headings. The amount entered will be the projected cumulative commitments less the planned cumulative expenditures as of the end of time period indicated. At the end of the contract, the amount will be zero.

10.2.12.4 Item 12.b. - Accrued Expenditures. In the first column enter actuals to date. In subsequent columns enter the projected cumulative accrued expenditures as of the end of each period indicated by the column headings.

10.2.12.5 Item 12.c. - Total (12.a. and 12.b.). In the columns provided, enter the total contract work authorized - actuals to date (Column 1) or projected (Columns 2 through 10). This total is the sum of open commitments and accrued expenditures projected through the periods indicated by the column headings. Significant changes in the amount or timephasing of this item shall be explained in the Remarks section.

10.2.13 Item 13 - Forecast Of Billings To The Government. In the first column enter the cumulative amount received from the Government plus any unpaid billings to the Government through the current report date, including amounts applicable to progress or advance payments. In succeeding columns enter the amount expected to be billed to the Government during each period reported (assuming the contract will continue to completion). Amounts will not be cumulative.

10.2.14 Item 14 - Estimated Termination Costs. In the columns provided, enter the estimated costs that would be necessary to liquidate all government

CEVM CONTRACT REQUIREMENTS TOOLKIT

10/15/99

obligations if the contract were to be terminated in that period. These entries are the amounts required in addition to the amounts shown in Item 12. Applicable fee/profit should be included. These entries may consist of "rough order of magnitude" estimates and will not be construed as providing formal notification having contractual significance. This estimate will be used to assist the Government in budgeting for the potential incurrence of such cost. On contracts with Limitation of Funds/Obligation clauses, where termination costs are included as part of the funding information in Block 11, enter the amounts required for termination reserve on this line.

10.3 Remarks Section.

10.3.1 General. This section shall contain any additional information or remarks which support or explain data submitted in this report. At a minimum, the contractor shall present the following information: (a) explanations of funds changes (refer to paragraphs 10.2.11.6, 10.2.11.8 and 10.3.2); (b) procedures used to develop estimates of open commitments and accrued expenditures (refer to paragraph 10.2.11.4.1); (c) the amount and rationale for any award fee projections included in Item 12 (refer to paragraph 10.2.12.2); (d) explanations of significant changes in the amount or timephasing of actual or projected total contract work authorized (refer to paragraph 10.2.12.5); and (e) any other information deemed significant or noteworthy. The contractor also shall provide a projected contract completion date that supports the funding projections in Item 12.

10.3.2 Changes. The Remarks section shall contain information regarding changes, as indicated below. A change in a line item shall be reported when the dollar amount reported in Item 11, Column k. of this submission differs from that reported in the preceding submission. The movement of dollar amounts from one column to another (Item 11, Columns e. through j.), indicating a change in the firmness of funds requirements, need not be reported in this section. Change reporting shall include the following:

10.3.2.1 The location of the changed entry (page, line, and column);

10.3.2.2 The dollar amount of the change; and

10.3.2.3 A narrative explanation of the cause of each change.

CEVM CONTRACT REQUIREMENTS TOOLKIT

CONTRACT FUNDS STATUS REPORT (Dollars In _____)

1. CONTRACT NUMBER _____ 2. CONTRACT TYPE _____ 3. CONTRACT FUNDING FOR _____ 4. APPROPRIATION _____ 5. PREVIOUS REPORT DATE _____ 6. CURRENT REPORT DATE _____ 7. CONTRACTOR (Name, address and zip code) _____ 8. PROGRAM _____ 9. INITIAL CONTRACT PRICE _____ 10. ADJUSTED CONTRACT PRICE _____

11. LINE ITEM/WEB ELEMENT	APPROPRIATION IDENTIFICATION	FUNDING AUTHORIZED TO DATE	ACCRUED EXPENDITURES OPEN COMMITMENTS TOTAL	CONTRACT WORK AUTHORIZED			FORECAST			TOTAL REQUIREMENTS	FUNDS CARRY-OVER	NET FUNDS REQUIRED
				DEFINITIZED	NOT DEFINITIZED	SUBTOTAL	NOT YET AUTHORIZED	ALL OTHER WORK	SUBTOTAL			
12. CONTRACT WORK AUTHORIZED (With Fee/Profit) - ACTUAL OR PROJECTED												
ACTUAL TO DATE												AT COMPLETION
a. OPEN COMMITMENTS												
b. ACCRUED EXPENDITURES												
c. TOTAL (12a + 12b)												
13. FORECAST OF BILLINGS TO THE GOVERNMENT												
14. ESTIMATED TERMINATION COSTS												
15. REMARKS												