“EFCOG’s Knowledge Portal Review”
2011 Waste Management Symposium
Project Management Initiative

Presented by

Robert Miklos, Chair
Project Management Working Group
Panel Session 59
March 2, 2011
Project Management Working Group (PMWG) Discussion Topics:

- PMWG Vision/Purpose Statement
- DOE O 413.3B Program and Project Management for the Acquisition of Capital Assets - release of new revision
- FY2011 Initiatives
Project Management Working Group (PMWG) - Vision

- Enhance project management capability and execution to meet Department of Energy (DOE) critical mission requirements in a way that delivers:
  - Consistent successful performance
  - Cost effective delivery
  - The capability to sustain performance.

DOE Sponsors: Paul Bosco, Bob Raines, Lowell Ely, Dan Lehman, Mike Hickman
68 Participants from DOE Contractor Community
Project Management Working Group (PMWG) - Purpose

- Promote project management excellence in the execution of Department of Energy (DOE) programs by sharing best industrial practices, applying lessons learned and providing integrated recommendations to DOE.

Used to Guide our Initiative Development
PMMWG Subgroups: Cost Estimating and Construction Management
DOE O 413
Why Revise the Order?

To include the following:

- Primarily, Root Cause Analysis (RCA) and Corrective Action Plan (CAP) Initiatives
- Deputy Secretary Project Management Policies
- Solutions to Government Accountability Office (GAO) and Office of Management and Budget (OMB) criticisms
- Congressional Requirements
- Improvements to contract and project management
Project Success

- Project Success: (For “Capital Asset Projects”)
  - Project completed within the ORIGINAL approved scope baseline, and within 10% of the ORIGINAL approved cost baseline at project completion (Critical Decision-4), unless otherwise impacted by a directed change.

- Portfolio Success:
  - Ninety percent (90%) of all projects meet project success criteria.
Significant Changes to DOE O 413.3
PROJECT MANAGEMENT FOR CAPITAL ASSET PROJECTS

- Matured front-end planning
- Clarified project size and structure; program versus project management
- Increased thresholds
- Transformed commitment to funding, budgeting
- Introduced new exemptions
- Bolstered responsibilities
- Increased project reviews
- Enhanced management and oversight
DOE O 413.3B requires:
- Design sufficiently mature prior to Critical Decision (CD-2)
- Enhanced External Independent Review (EIR) procedures
- If top of approved CD-1 cost range grows by 50%, must reassess alternatives
- Independent cost reviews and estimates

Decision to break up large projects made at CD-1; must be documented
- Decision to break up large projects made at CD-1; must be documented

AE must determine that funding profile is affordable and executable within budget

Each smaller project must have its own distinct performance baseline (CD-2)
## Significant Changes

### THRESHOLDS

<table>
<thead>
<tr>
<th>Requirements</th>
<th>DOE O 413.3A</th>
<th>DOE O 413.3B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicability</strong> (Sec 3.a.)</td>
<td>• $20M or greater</td>
<td>• $50M or greater&lt;br&gt;✓ Adhere to principles&lt;br&gt;✓ Report in PARS II&lt;br&gt;✓ Submit CD &amp; BCP documents</td>
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<tr>
<td><strong>Critical Decision Authority</strong> (App A, Sec 3., Table 1)</td>
<td>• SAE ≥ $750M&lt;br&gt;• US ≥ $100M and &lt; $750M&lt;br&gt;• PSO ≥ $20M and &lt; $100M&lt;br&gt;• CIO &gt; $5M and &lt; $750M&lt;br&gt;• Limited delegation allowed</td>
<td>• SAE ≥ $750M&lt;br&gt;• US ≥ $100M and &lt; $750M&lt;br&gt;• PSO ≥ $50M and &lt; $100M&lt;br&gt;• Further delegation allowed</td>
</tr>
<tr>
<td><strong>Performance Baseline Deviation</strong> (App A, Sec 6.b.)</td>
<td>• TPC increase of $25M or 25%&lt;br&gt;• Delay of 6 months or greater&lt;br&gt;• Change in scope</td>
<td>• TPC increase of $100M or 50%&lt;br&gt;• Change in scope and/or performance</td>
</tr>
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<td><strong>EVMS Certification</strong> (App C, Sec 5.)</td>
<td>• OECM certifies &gt; $50M&lt;br&gt;• Contractor self-certifies between $20M and $50M</td>
<td>• OECM certifies &gt; $100M&lt;br&gt;• PMSO certifies between $50M and $100M&lt;br&gt;• Contractor self-certifies between $20M and $50M</td>
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### Significant Changes

**FUNDING**

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<tbody>
<tr>
<td><strong>Construction Budget Request Prior to CD-2</strong></td>
<td>• Yes, if design period less than 18 months</td>
<td>• Yes, if CD-2 approval obtained within one year of OMB budget submission</td>
</tr>
<tr>
<td><em>App A, Sec 4.c.(2)</em></td>
<td></td>
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<tr>
<td><strong>Full Funding</strong></td>
<td>• No</td>
<td>• Yes, projects (excluding MIE) &lt;$20M will request all construction funds</td>
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<tr>
<td><em>App C, Sec 15.a.</em></td>
<td></td>
<td>within the same appropriation year of start</td>
</tr>
<tr>
<td><strong>Funding Profiles</strong></td>
<td>• No</td>
<td>• Yes, projects &lt; $50M should request funds within the same appropriation</td>
</tr>
<tr>
<td><em>App C, Sec 5.</em></td>
<td></td>
<td>year, if feasible</td>
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<tr>
<td><strong>Reassess CD-1</strong></td>
<td>• No</td>
<td>• Yes, AE must endorse any changes to the approved funding profile that</td>
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<tr>
<td><em>App A, Sec 4.b.</em></td>
<td></td>
<td>negatively impacts the project</td>
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## Significant Changes

### EXEMPTIONS

<table>
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<tr>
<td><strong>IT Projects</strong> (App A, Sec 4.c.(2))</td>
<td>• Yes, IT projects greater than $5M are governed by the Order</td>
<td>• No, IT projects are not governed by the Order</td>
</tr>
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| **PSO Exemption** (Sec 3.c.(3)) | • No                                                                         | • Yes, PSO may be excluded from most Order requirements if:  
  ✓ An established PMSO with adequate project management requirements, processes and procedures;  
  ✓ A set of active capital asset projects, post CD-2, of over 10 projects at any time during the current FY;  
  ✓ Completed 90% of projects across a rolling 3-year average, not to exceed by more than 10% of the original cost baseline for the original approved scope at CD-2 with a TPC $10M |
## Significant Changes

### RESPONSIBILITIES

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<tr>
<td><strong>Acquisition Executive (App B, Sec 6.c.)</strong></td>
<td>• Approves appointment of FPD</td>
<td>• Approves appointment of FPD</td>
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<td>• Interviews proposed FPD</td>
<td>• Interviews proposed FPD</td>
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<tr>
<td></td>
<td>• SAE endorses appointment of FPD, if contractor or Intergovernmental</td>
<td>• SAE endorses appointment of FPD, if contractor or Intergovernmental</td>
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<td></td>
<td>Personnel Act (IPA) Agreement</td>
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<tr>
<td><strong>Senior Procurement Executive (App B, Sec 9.)</strong></td>
<td>• No</td>
<td>• Principal procurement advisor to the SAE, AE, and Chief Procurement Officer</td>
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<td><strong>Contracting Officer (App B, Sec 10.)</strong></td>
<td>• No</td>
<td>• Principal procurement advisor to the FPD</td>
</tr>
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<td><strong>Project Management Governance Board (App B, Sec 16.)</strong></td>
<td>• No</td>
<td>• Evaluate project management issues and provide resolution to PMSOs and Program Managers</td>
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## Significant Changes

### REVIEWS

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</table>
| **Design Reviews** (App C, Sec 18.) | • Conduct conceptual, preliminary and final design reviews  
• Reviews conducted by reviewers external to the project | • Conduct conceptual, preliminary and final design reviews  
• Reviews conducted by reviewers external to the project  
• Design sufficiently mature prior to baselining |
| **Cost Reviews** (App C, Sec 18.) | • For projects > $750M, OECM must conduct:  
✓ Prior to CD-2, ICE or ICR | • For projects > $750M, OECM must conduct ICR prior to CD-0  
• For projects > $100M, OECM must conduct:  
✓ Prior to CD-1, ICE and/or ICR  
✓ Prior to CD-2, ICE  
✓ Prior to CD-3, ICE (if warranted) |
| **Staffing Reviews** (App C, Sec 7.) | • No | • Qualified staff (including contractors) must be available  
• Programs must use a methodology to determine the appropriate project team size and required skill sets |
## Significant Changes

### REVIEWS

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<td><strong>PDRI</strong> <em>(App C, Sec 13.</em>)</td>
<td>• No</td>
<td>• Conduct PDRI Analysis, as appropriate, for projects &gt; $100M</td>
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<td>• Conducted by FPD prior to CD-2</td>
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<tr>
<td><strong>TRA</strong> <em>(App C, Sec 23.</em>)</td>
<td>• No</td>
<td>• For projects &gt; $750M:</td>
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<td>✓ Prior to CD-2, complete TRA and develop TMP</td>
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<td>✓ Prior to CD-3, complete TRA</td>
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<td>(if CTE modification occurs)</td>
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<tr>
<td><strong>Project Peer Reviews</strong> <em>(App C, Sec 23.</em>)</td>
<td>• No</td>
<td>• Conduct project peer review for projects ≥ $100M at least annually</td>
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<td>• More frequent for complex projects or those experiencing performance challenges</td>
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<td>• May supplement or replace IPRs at the discretion of the Program Office</td>
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Significant Changes
MANAGEMENT AND OVERSIGHT

- Augmented project reviews and enhanced staffing
- DOE O 413.3B requires:
  - Project Assessment and Reporting System (PARS II) enhanced
    - Project performance data uploaded directly into PARS II from contractor’s system
    - Project status reporting by Federal Project Director (FPD), Program Manager and the Office of Engineering and Construction Management (OECM)
  - OECM central repository and compliance office
  - Submission of contractor evaluation documents
- Deputy Secretary-led “deep dives,” or in-depth reviews, on projects, programs and contracts
- Contract management strengthened
  - Contracting Officer more prominent role; member of FPD’s integrated project team
  - Senior Procurement Executive now member of Secretarial Acquisition Executive’s advisory board

GAO Criteria: Monitor and Independently Validate
FY11 PMWG Initiatives

- Design Maturity
- Follow up on the Staffing Guide
- Peer Reviews
- Cost Estimating
- DOE O413 training
- EVMS surveillance

www.efcog.org/wg/pm