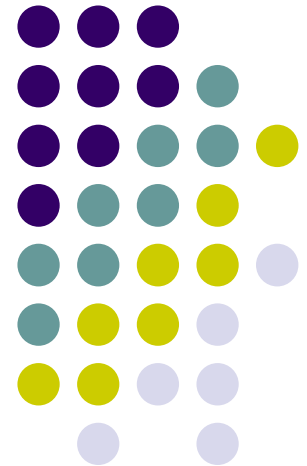


# “EFCOG’s Knowledge Portal Review” 2011 Waste Management Symposium *Project Management Initiative*

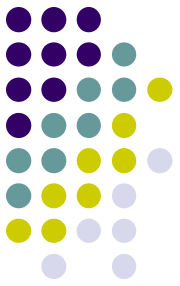


Presented by

*Robert Miklos, Chair*  
*Project Management Working Group*  
Panel Session 59  
March 2, 2011

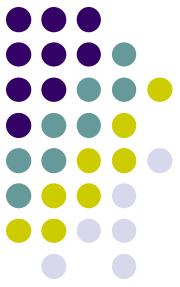


# Project Management Working Group (PMWG) Discussion Topics:



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

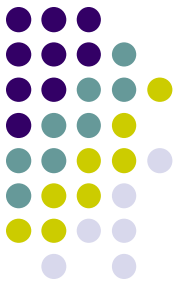
# Project Management Working Group (PMWG) - Vision



- 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

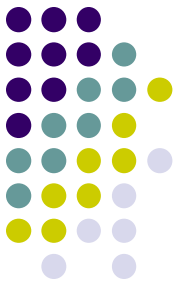


- Promote project management excellence in the execution of Department of Energy (DOE) programs by **sharing best industrial practices, applying lessons learned and providing integrated recommendations** to DOE.

Used to Guide our Initiative Development  
PMMWG Subgroups: Cost Estimating and Construction Management

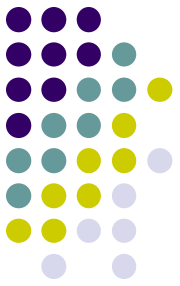
# DOE O 413

## 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

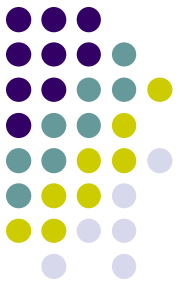
# Project Success



- 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

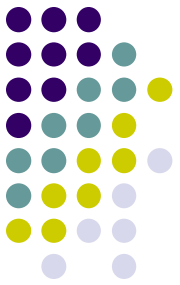
## PROJECT MANAGEMENT FOR CAPITAL ASSET PROJECTS



- 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

# Significant Changes

## FRONT-END PLANNING/PROJECT SIZE AND STRUCTURE

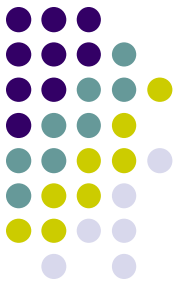


- DOE O 413.3B requires:
  - Design sufficiently mature prior to Critical Decision (CD-2)
  - Enhanced External Independent Review (EIR) procedures
  - If top of approved CD-1 cost range grows by 50%, must reassess alternatives
  - Independent cost reviews and estimates
- Decision to break up large projects 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

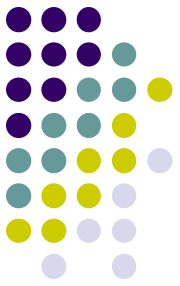
## THRESHOLDS



Requirements	DOE O 413.3A	DOE O 413.3B
<b>Applicability</b> <i>(Sec 3.a.)</i>	<ul style="list-style-type: none"> <li>• \$20M or greater</li> </ul>	<ul style="list-style-type: none"> <li>• \$50M or greater</li> <li>✓ Adhere to principles</li> <li>✓ Report in PARS II</li> <li>✓ Submit CD &amp; BCP documents</li> </ul>
<b>Critical Decision Authority</b> <i>(App A, Sec 3., Table 1)</i>	<ul style="list-style-type: none"> <li>• SAE ≥ \$750M</li> <li>• US ≥ \$100M and &lt; \$750M</li> <li>• PSO ≥ \$20M and &lt; \$100M</li> <li>• CIO &gt; \$5M and &lt; \$750M</li> <li>• Limited delegation allowed</li> </ul>	<ul style="list-style-type: none"> <li>• SAE ≥ \$750M</li> <li>• US ≥ \$100M and &lt; \$750M</li> <li>• PSO ≥ \$50M and &lt; \$100M</li> <li>• Further delegation allowed</li> </ul>
<b>Performance Baseline Deviation</b> <i>(App A, Sec 6.b.)</i>	<ul style="list-style-type: none"> <li>• TPC increase of \$25M or 25%</li> <li>• Delay of 6 months or greater</li> <li>• Change in scope</li> </ul>	<ul style="list-style-type: none"> <li>• TPC increase of \$100M or 50%</li> <li>• Change in scope and/or performance</li> </ul>
<b>EVMS Certification</b> <i>(App C, Sec 5.)</i>	<ul style="list-style-type: none"> <li>• OECM certifies &gt; \$50M</li> <li>• Contractor self-certifies between \$20M and \$50M</li> </ul>	<ul style="list-style-type: none"> <li>• OECM certifies &gt; \$100M</li> <li>• PMSO certifies between \$50M and \$100M</li> <li>• Contractor self-certifies between \$20M and \$50M</li> </ul>

# Significant Changes

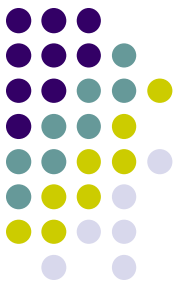
## FUNDING



Requirements	DOE O 413.3A	DOE O 413.3B
<b>Construction Budget Request Prior to CD-2</b> <i>(App A, Sec 4.c.(2))</i>	<ul style="list-style-type: none"> <li>• Yes, if design period less than 18 months</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, if CD-2 approval obtained within one year of OMB budget submission</li> </ul>
<b>Full Funding</b> <i>(App C, Sec 15.a.)</i>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, projects (excluding MIE) &lt;\$20M will request all construction funds within the same appropriation year of start</li> <li>• Yes, projects &lt; \$50M should request funds within the same appropriation year, if feasible</li> </ul>
<b>Funding Profiles</b> <i>(App C, Sec 5.)</i>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, AE must endorse any changes to the approved funding profile that negatively impacts the project</li> </ul>
<b>Reassess CD-1</b> <i>(App A, Sec 4.b.)</i>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, if CD-1 cost range grows by 50% as the project proceeds toward CD-2</li> </ul>

# Significant Changes

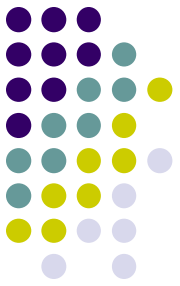
## EXEMPTIONS



Requirements	DOE O 413.3A	DOE O 413.3B
<b>IT Projects</b> <i>(App A, Sec 4.c.(2))</i>	<ul style="list-style-type: none"> <li>• Yes, IT projects greater than \$5M are governed by the Order</li> </ul>	<ul style="list-style-type: none"> <li>• No, IT projects are not governed by the Order</li> </ul>
<b>PSO Exemption</b> <i>(Sec 3.c.(3))</i>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, PSO may be excluded from most Order requirements if:               <ul style="list-style-type: none"> <li>✓ An established PMSO with adequate project management requirements, processes and procedures;</li> <li>✓ A set of active capital asset projects, post CD-2, of over 10 projects at any time during the current FY;</li> <li>✓ 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 <math>\geq</math> \$10M</li> </ul> </li> </ul>

# Significant Changes

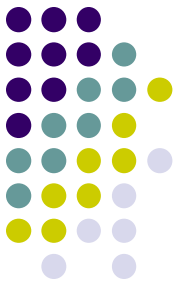
## RESPONSIBILITIES



Requirements	DOE O 413.3A	DOE O 413.3B
<b>Acquisition Executive</b> <i>(App B, Sec 6.c.)</i>	<ul style="list-style-type: none"> <li>Approves appointment of FPD</li> </ul>	<ul style="list-style-type: none"> <li>Approves appointment of FPD</li> <li>Interviews proposed FPD</li> <li>SAE endorses appointment of FPD, if contractor or Intergovernmental Personnel Act (IPA) Agreement</li> </ul>
<b>Senior Procurement Executive</b> <i>(App B, Sec 9.)</i>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Principal procurement advisor to the SAE, AE, and Chief Procurement Officer</li> </ul>
<b>Contracting Officer</b> <i>(App B, Sec 10.)</i>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Principal procurement advisor to the FPD</li> </ul>
<b>Project Management Governance Board</b> <i>(App B, Sec 16.)</i>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate project management issues and provide resolution to PMSOs and Program Managers</li> </ul>

# Significant Changes

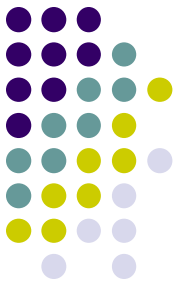
## REVIEWS



Requirements	DOE O 413.3A	DOE O 413.3B
<p><b><i>Design Reviews</i></b> <b><i>(App C, Sec 18.)</i></b></p>	<ul style="list-style-type: none"> <li>• Conduct conceptual, preliminary and final design reviews</li> <li>• Reviews conducted by reviewers external to the project</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct conceptual, preliminary and final design reviews</li> <li>• Reviews conducted by reviewers external to the project</li> <li>• Design sufficiently mature prior to baselining</li> </ul>
<p><b><i>Cost Reviews</i></b> <b><i>(App C, Sec 18.)</i></b></p>	<ul style="list-style-type: none"> <li>• For projects &gt; \$750M, OECM must conduct:               <ul style="list-style-type: none"> <li>✓ Prior to CD-2, ICE or ICR</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• For projects &gt; \$750M, OECM must conduct ICR prior to CD-0</li> <li>• For projects &gt; \$100M, OECM must conduct:               <ul style="list-style-type: none"> <li>✓ Prior to CD-1, ICE and/or ICR</li> <li>✓ Prior to CD-2, ICE</li> <li>✓ Prior to CD-3, ICE (if warranted)</li> </ul> </li> </ul>
<p><b><i>Staffing Reviews</i></b> <b><i>(App C, Sec 7.)</i></b></p>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified staff (including contractors) must be available</li> <li>• Programs must use a methodology to determine the appropriate project team size and required skill sets</li> </ul>

# Significant Changes

## REVIEWS



Requirements	DOE O 413.3A	DOE O 413.3B
<b><i>PDRI</i></b> <b><i>(App C, Sec 13.)</i></b>	<ul style="list-style-type: none"><li>• No</li></ul>	<ul style="list-style-type: none"><li>• Conduct PDRI Analysis, as appropriate, for projects &gt; \$100M</li><li>• Conducted by FPD prior to CD-2</li></ul>
<b><i>TRA</i></b> <b><i>(App C, Sec 23.)</i></b>	<ul style="list-style-type: none"><li>• No</li></ul>	<ul style="list-style-type: none"><li>• For projects &gt; \$750M:<ul style="list-style-type: none"><li>✓ Prior to CD-2, complete TRA and develop TMP</li><li>✓ Prior to CD-3, complete TRA (if CTE modification occurs)</li></ul></li></ul>
<b><i>Project Peer Reviews</i></b> <b><i>(App C, Sec 23.)</i></b>	<ul style="list-style-type: none"><li>• No</li></ul>	<ul style="list-style-type: none"><li>• Conduct project peer review for projects ≥ \$100M at least annually</li><li>• More frequent for complex projects or those experiencing performance challenges</li><li>• May supplement or replace IPRs at the discretion of the Program Office</li></ul>

# Significant Changes

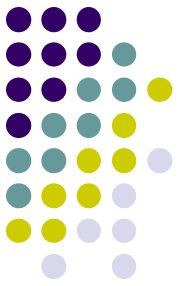
## MANAGEMENT AND OVERSIGHT



- 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](http://www.efcog.org/wg/pm)