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Office of Engineering and  
Construction Management*

**Department of Energy**

# Presentation to EFCOG

## Contract and Project Management Corrective Action Plan (CAP)

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# High-Risk List: Department of Energy Contract Management

Criteria Agencies Must Meet Before High-Risk Designations Can Be Removed	DOE Has	
	Met Criteria	Not Yet Met Criteria
Demonstrate strong commitment and leadership	<input checked="" type="checkbox"/>	
Demonstrate progress in implementing corrective measures	<input checked="" type="checkbox"/>	
Develop a corrective action plan that identifies root causes, effective solutions, and a near-term plan for implementing the solutions		<input checked="" type="checkbox"/>
Have the capacity (people and resources) to resolve the problems		<input checked="" type="checkbox"/>
Monitor and independently validate the effectiveness and sustainability of corrective measures		<input checked="" type="checkbox"/>



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# CAP Direction

## Congressional Direction:

- **“The Committee directs the Department to work with GAO and develop an action plan with concrete steps and schedule milestones whose implementation will result in DOE contract and project management being removed from the GAO High-Risk List as soon as possible.”**

(HEWD Appropriations Report, June 11, 2007)



# Project and Portfolio Metrics

## Project and Portfolio Success

### How Will We Define 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.



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# Project and Portfolio Metrics

## Project and Portfolio Success

- **Project Success: (For EM Clean-Up Projects)**
  - Project completed by achieving at least 80% of **ORIGINAL** near-term baseline end-state scope and with less than a 25% cost variance from the **ORIGINAL** approved baseline, **unless impacted by a directed change.**
- **Portfolio Success:**
  - Ninety percent (90%) of all projects meet project success criteria.



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# “Directed Change”

## CAP Definition of “Directed Change”:

- **“Changes, as validated by OECM, caused by DOE Policy Directive, Regulatory, or Statutory action. Directed changes, with the exception of policy directives, are changes that are caused by entities external to the Department, to include external funding reductions.”**

(Directed change decisions will be reviewed and validated by OMB periodically.)



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# **Project & Contract Management**

## **CAP – (8) Corrective Measures**

- 1. Improve Project Front End Planning, to include:**
  - Project Definition Rating Index (PDRI); Technical Readiness Levels (TRL); program vs. project criteria
- 2. Enhance Federal Project and Contract Management Workforce**
  - Develop staffing model and associated resource plan
- 3. Improve Project Risk Assessment, Communication, and Management**
  - Complete projects below total project cost; develop consistent management reserve/contingency protocols
- 4. Align and Integrate Budget Profiles and Project Cost Baselines**
  - Establish “full funding” policy and front-end loaded incremental funding profiles to mitigate budget CRs



# **Project & Contract Management**

## **CAP – (8) Corrective Measures**

### **5. Improve Independent Government Cost Estimates**

- Develop DOE Cost Estimating Order and Manual, cost data base, escalation rate policy

### **6. Improve Acquisition Strategies and Plans**

- Integrate project and contract alignment; Benchmark Strategies and Plans with other agencies

### **7. Improve Project Oversight and Management**

- Benchmark organizational structures and roles and responsibilities; Enhance project management systems

### **8. Improve Adherence to Project Management Requirements**

- Update DOE 413.3A, Ownership and Accountability, Procedures/Metrics to Document Compliance



## Key Take-Aways:

- **No Longer “Business as Usual”**
- **CAP ESC has been chartered**
- **Phased implementation; done in three years, July 2011**
- **(17) Metrics to monitor and track**
  - **Data in PARS (Project Assessment and Reporting System) and EVMS must be timely and accurate**



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# What Can You Do to Help?

- 1. Provide Cost / Budget Stability**
  - **Improve Requirements Definition**
  - **Reduce “Time Horizon”**
- 2. Stop Baseline Confusion**
- 3. Ensure Accurate / Timely Project Information**
  - **EVMS & PARS Consistency**

**Questions/Comments?**