The Power of Battle Rhythm in IPM:

Pulling Left - From Compliance to Best Practices

Marty Doucette – Pilgrim Companions, Inc.

The Power of Battle Rhythm (BR) in Integrated Program Management (IPM)

Course Objectives

Using insights from this symposium, participants will be able to apply four BR components of monthly IPM cycles and sub-cycles:

Input
- Establish program-level materiality thresholds of data anomalies
- Selectively diminish risks of inaccurate IPM data in analysis and reporting

Integrate
- Chronologize key monthly metrics for determining actionable IPM information

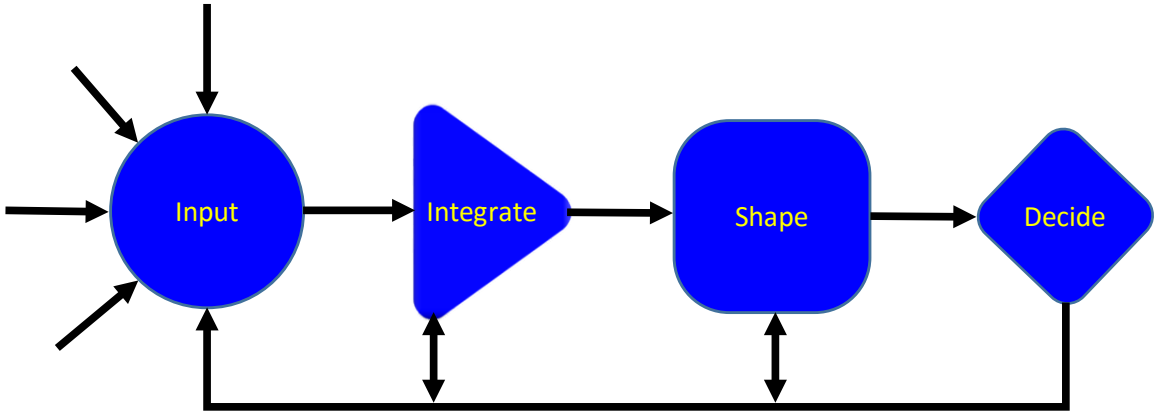
Shape
- Enhance efficient role-based collaboration in problem recognition, resolution and reporting

Decide
- Strengthen likelihood for earlier and more effective IPM decision making

Four Key BR Phases

BR is:

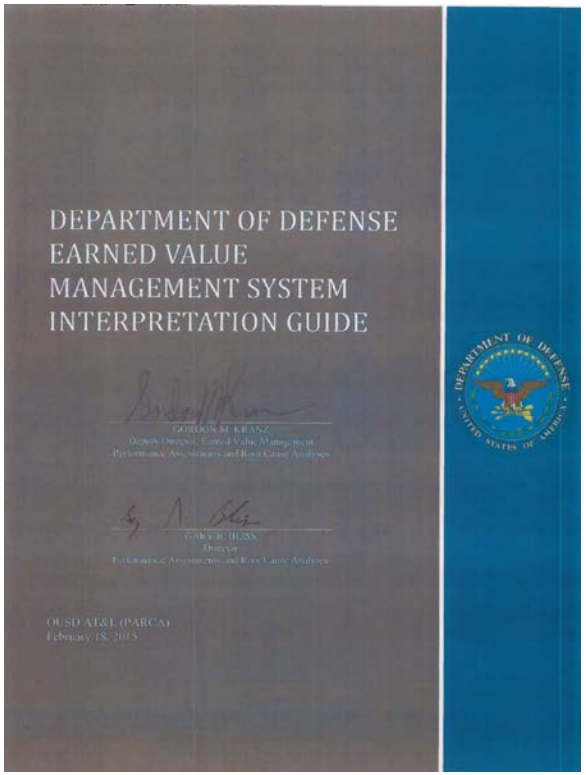
- A military field of operation discipline for management of knowledge to achieve effective decision making in time-sensitive situations
- A four-phase process of generating actionable information (decision making)



Each phase consists of five key elements:

1. The data in the phase
2. The context that makes the data pertinent information
3. The phase's subject matter experts (SMEs)
4. The allowable time for SMEs to collaborate, and
5. A deliverable to the next phase

Basis of IPM Compliance Expectations



http://www.acq.osd.mil/evm/docs/DoD%20EVMSIG.pdf

4.4 Guideline 19: Record/Allocate Indirect Costs

EVMS Category: Accounting Considerations	
EIA Standard Guideline: 2.3d	**Record/Allocate Indirect Costs**

Record all indirect costs which will be allocated to the program consistent with the overhead budgets.

DoD Strategic Intent

Purpose of Guideline: To ensure all indirect costs are properly and correctly allocated in a consistent manner to the contract(s) that apply and at the level where overhead budgets are established.

Management Value: The potential negative cost impact of poor indirect cost performance to a program mandates that the contractor manage these costs as effectively as possible. The availability of auditable actual indirect costs supports management's efforts in this critical area. A documented process established specifically to provide visibility into the management/control of indirect costs is essential for successful program management.

Intent of Guideline: Allocating indirect costs to a program consistent with the level where overhead budgets have been established facilitates analysis of overhead variances (i.e., budgeted values for indirect costs versus the actual indirect costs allocated) and potential management action(s) to control costs. Policies and procedures should ensure that the allocation of cost to a product, contract, or other cost objective is the same for all similar objectives. Indirect costs are allocated per the contractor's documented procedures to ensure that all programs benefiting from the expenditure of indirect costs are allocated their portion of those costs. If incurred indirect costs vary significantly from budgets, periodic adjustments should be made to prevent the need for a significant year-end adjustment. (See Guidelines 27 and 29.) Indirect Cost allocation processes must ensure management responsibility for indirect cost management is aligned with the authority to manage indirect costs to support effective cost control.

Attributes

- The cost accumulation system provides for the accurate allocation of indirect costs based on documented procedures.
- Indirect costs are accumulated for comparison with the corresponding indirect budgets from the point of allocation to the contract total.
- Indirect rates are updated as necessary to ensure a realistic allocation of indirect costs.
- Contractor's Cost Accounting Standards Board (CASB) Disclosure Statement identifies treatment of indirect costs.

Typical Work Products

- Contractor's Cost Accounting Standards Board (CASB) Disclosure Statement
- Control Account Indirect Cost Reports
- Contractor Budgets and/or Forward Pricing Forecasts
- Forward Pricing Rate Agreement and/or approved billing rates
- Incurred cost reports
- General Ledger

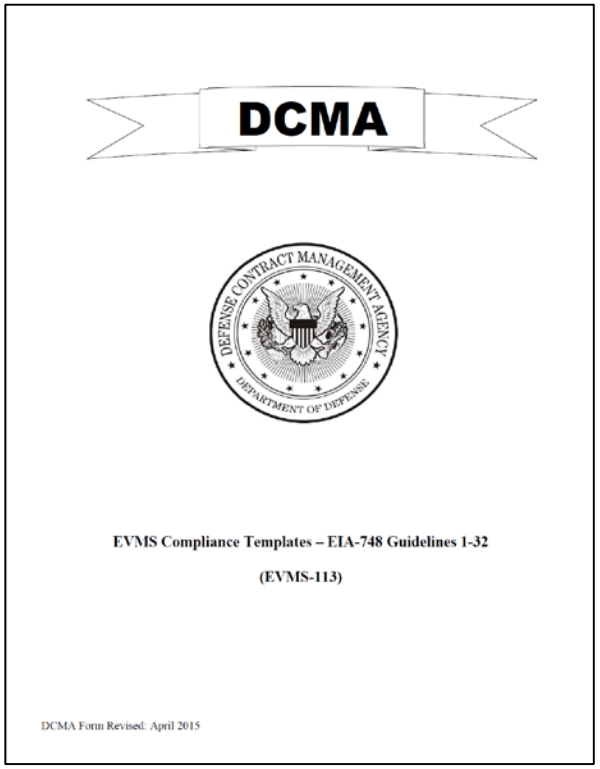
Guideline

Intent

Attributes

Artifacts

Basis of IPM Metrics



DCMA

EVMS Compliance Templates – EIA-748 Guidelines 1-32

(EVMS-113)

DCMA Form Revised: April 2015

http://www.dcma.mil/DCMAHQ/EVMS/index.cfm

1. EVMS Category: Accounting Considerations	**2. Guideline No. 19:** Record/Allocate Indirect Costs
3. Supplier/CAGE Code:	**4. Program/contract(s):**

5. Guideline Statement:

a. Definition: "Record all indirect costs that will be allocated to the project."

b. Attributes:

1) 19A1. "The cost accumulation system provides for the accurate allocation of indirect costs based on documented procedures."

2) 19A2, "Indirect costs are accumulated for comparison with the corresponding indirect budgets from the point of allocation to the contract total."

3) 19A3, "Indirect rates are updated as necessary to ensure a realistic allocation of indirect costs."

4) 19A4; "Contractor's Cost Accounting Standards Board (CASB) Disclosure Statement identifies treatment of indirect costs."

6. Typical work products that may support assessment:

a. Contractor's Cost Accounting Standards Board (CASB) Disclosure Statement

b. Control Account Indirect Cost Reports

c. Contractor Budgets and/or Forward Pricing Forecasts

d. Forward Pricing Rate Agreement and/or approved billing rates

e. Incurred cost reports

f. General Ledger

7. Cross Reference Checklist (CRC) Procedure.

a. Does the cost accumulation system provide for summarization of indirect costs from the point of allocation to the contract total?

b. Are indirect costs accumulated for comparison with the corresponding budgets?

c. Are indirect costs charged to the appropriate indirect pools and incurring organization?

d. Are the bases and rates for allocating costs from each indirect pool consistently applied?

e. Are the bases and rates for allocating costs from each indirect pool to commercial work consistent with those used to allocate such costs to Government contracts?

f. Are the rates for allocating costs from each indirect cost pool to contracts updated as necessary to ensure a realistic monthly allocation of indirect costs without significant year-end adjustments?

g. Are the procedures for identifying indirect costs to incurring organizations, indirect cost pools, and allocating the costs from the pools to the contracts formally documented?

h. Are overhead projections adjusted in a timely manner to reflect-

1) Changes in the current direct and projected base?

2) Changes in the nature of the overhead requirements?

3) Changes in the overhead pool and/or organization structures?

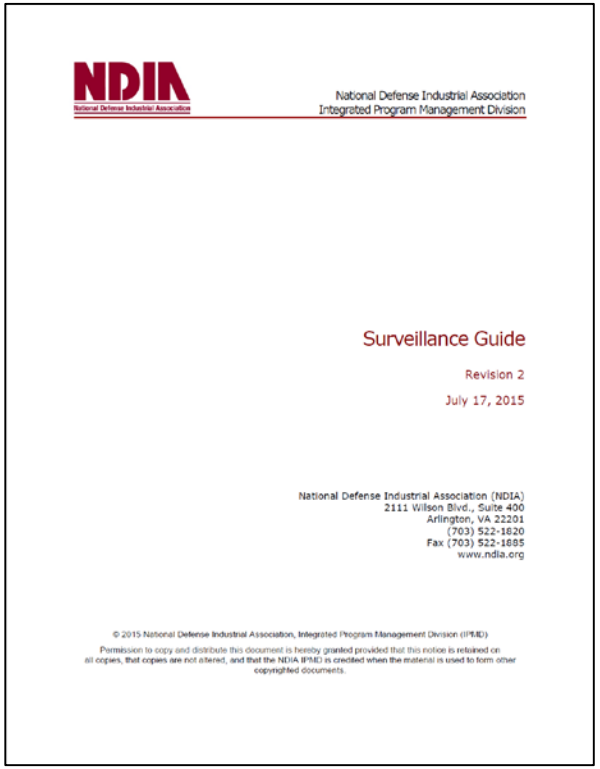
8. Verification Points and Observations	**Attributes**
a. Verify the indirect bases and rates for allocating costs from each indirect pool are consistently applied across all contracts.	**19A1**
b. Verify the cost accumulation system provides indirect costs for comparison with the corresponding indirect budgets from the point of allocation to the contract total.	**19A2**
c. Ensure the indirect rates are updated as necessary to ensure a realistic allocation of indirect costs without significant year-end adjustments.	**19A3**
d. Confirm the contractor's Cost Accounting Standards Board (CASB) Disclosure Statement identifies treatment of indirect costs.	**19A4**

Numbered Attributes

Artifacts

Attributes' Verification

Basis of IPM BR Best Practices



NDIA
National Defense Industrial Association
Integrated Program Management Division

Surveillance Guide

Revision 2

July 17, 2015

National Defense Industrial Association (NDIA)
2111 Wilson Blvd., Suite 400
Arlington, VA 22201
(703) 522-1820
Fax (703) 522-1885
www.ndia.org

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http://www.ndia.org/Divisions/Divisions/IPMD/Pages/Documents.aspx

ACCOUNTING CONSIDERATIONS (GLs 16-21) Metric Frequency: Monthly | Quarterly | Annual | P-IBR | Initial > Annual

Guideline 19: Record/Allocate Indirect Costs

Definition: Record all indirect costs that will be allocated to the project.

Attributes:
19A1: The cost accumulation system provides for the accurate allocation of indirect costs based on documented procedures.
19A2: Indirect costs are accumulated for comparison with the corresponding indirect budgets from the point of allocation to the contract total.
19A3: Indirect rates are updated as necessary to ensure a realistic allocation of indirect costs.
19A4: Contractor's Cost Accounting Standards Board (CASB) Disclosure Statement identifies treatment of indirect costs.

Key Process: Indirect Management **Cross Process:** NA

Typical Sources of Objective Evidence:

a. Contractor's Cost Accounting Standards Board (CASB) Disclosure Statement
b. Control Account Indirect Cost Reports
c. Contractor Budgets and/or Forward Pricing Forecasts
d. Forward Pricing Rate Agreement and/or approved billing rates
e. Incurred cost reports
f. General ledger

Attributes:	Verification Points	Documented Application:
19A1	a. Verify the indirect bases and rates for allocating costs from each indirect pool are consistently applied across all contracts.	**Check:** Policies and procedures should ensure that the allocation of cost to a product, contract, or other cost objective is the same for all similar objectives. Indirect costs are allocated per the contractor's documented procedures to ensure that all programs benefiting from the expenditure of indirect costs are allocated their portion of those costs. **Sample:** Exhibit (a1) showing the contractor's methodology for ensuring consistency of indirect base and rate across programs.
	Metrics	19A101a
	Supporting Documentation	14 31
	Presentation	
	System Description Reference(s)	
	Process Reference	
	Business Rhythm: Single ( ) Periodic ( ) Atypical ( ) NA ( )	
19A2	b. Verify the cost accumulation system provides indirect costs for comparison with the corresponding indirect budgets from the point of allocation to the contract total.	**Check:** Indirect costs must be charged to the appropriate indirect pools. Procedures for identifying indirect costs to incurring organizations, indirect cost pools, and allocating the costs from the pools to the contracts must be formally documented. **Sample:** Exhibit (b1) showing formal method by which indirect costs are properly associated with their indirect cost pools. Exhibit (b2) showing that policies and procedures ensure the allocation of cost to a product, contract, or other cost objective is the same for all similar objectives.
	Metrics	19A101a 19A101b
	Supporting Documentation	13 14 23 24 31
	Presentation	
	System Description Reference(s)	
	Process Reference	
	Business Rhythm: Single ( ) Periodic ( ) Atypical ( ) NA ( )	

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