

PREPARING FOR THE NEW DEPARTMENT OF DEFENSE INTEGRATED PROGRAM MANAGEMENT REPORTING REQUIREMENTS

For government contractors that have a pending contract award, or are considering bidding on a contract with the Department of Defense (DOD), the department's new Integrated Program Management Reporting (IPMR) requirement is a significant change in Earned Value Management (EVM) reporting. The new requirement, known as the "Integrated Program Management Data Analysis Report (IPMDAR)," will necessitate that government contractors change their processes and systems to ensure compliance.

Specifically, it pertains to the Defense Federal Acquisition Regulations Supplement (DFARS) clauses requiring project performance reporting using EVM (DFARS 252.234-7001, 7002).

The DFARS EVM clauses require EVM reporting on non-firm fixed price, development, modernization and enhancement contracts over \$20 million. This new requirement will be applied to contracts awarded towards the end of the first quarter of CY 2020. It may also be applied retroactively as a result of significant contract options or modifications of existing contracts.

WHAT IS THE NEW DOD INTEGRATED PROGRAM MANAGEMENT REPORTING REQUIREMENT?

The current DOD Integrated Program Management Reporting (Project Schedule & EVM Reporting) Data Item Description (DID) applied to contracts will soon be replaced. The new DID requires more detailed project performance information, tighter integration between the project schedule and costs, and must be delivered electronically by the contractor.

HOW IS IT DIFFERENT FROM THE CURRENT DOD IPMR REQUIREMENT?

The new IPMDAR requirements are specified in the DID DI-MGMT-81861B, which will soon be published by the DOD Acquisition, Analytics, and Policy (AAP) organization's EVM Division.

The new IPMDAR contains data that will enable the government to better measure and analyze project performance—with the primary purpose to provide timely and accurate information regarding the current project status in terms of cost performance, schedule performance and forecasts. The following table presents a comparison between the DIDs.

Current IPMR Requirement	New IPMDAR Requirement
Defined reporting formats provided monthly	▶ Electronic data interchange file submitted monthly
Project performance reporting level identified in the Contract Data Requirement List (CDRL) but generally above the control account level	▶ Project performance data required at the control account level and may be required at a lower work package level
Forecast estimates at completion and at the reporting level	▶ Time phased (monthly) forecasts provided at the level at which data is reported
Only DOD ACAT1 program contracts had to upload data electronically to the DOD EVM Central Repository	▶ All DOD contracts regardless of ACAT level must upload their program data to the DOD EVM Central Repository
Integrated Master Schedule (IMS), IPMR Reports and Variance Analysis typically due around the 20th working day of the month	▶ DOD prefers the IMS within a few days after the close of the current period with contract performance and variance analysis reporting to follow, but no later than the 16th working day. May be defined in the CDRL
Limited interaction with government program office regarding IPMR reporting	▶ Encourages early delivery of relevant information and collaboration with government program office regarding project performance results and root cause of variances

WHAT POTENTIAL CHALLENGES SHOULD MY ORGANIZATION BE PREPARED TO ADDRESS?

The new DOD DID presents several challenges for organizations expecting contract awards or a significant contract modification, which include the DFARS EVM reporting requirement. The challenges comprise of the following:

- ▶ Changing from the monthly delivery of fixed reports, IPMR formats 1 through 7, to delivery of an electronic data file which enables government analysis and reporting.
- ▶ Uploading an electronic data file to the DOD EVM Central Repository (EVM-CR) in the prescribed table structure and JavaScript Object Notation (JSON) file format. Previously, electronic delivery was only required for DOD ACAT1 programs but is now required for all programs.

- ▶ Upgrading EVM data integration and data quality due to the linkages between the data tables, which will require an improvement in program cost and schedule integration.
- ▶ Presenting lower level program data that was not typically included in the old IPMR format reports.
- ▶ Presenting time-phased forecast information rather than just an estimate at completion.
- ▶ Providing an early delivery of the program integrated master schedule before the cost performance and variance datasets.
- ▶ Adopting a collaborative approach with the government program office regarding the staged delivery of project performance information and interactions regarding variances.

WHAT CAN MY ORGANIZATION DO NOW TO ENSURE COMPLIANCE WITH THE NEW IPMDAR REQUIREMENTS?

Your organization should conduct a comprehensive assessment of your earned value management system (EVMS) and processes to identify the impacts of the new DOD IPMDAR DID.

Steps to take include:

- ▶ Identify any potential data issues which may be problematic due to cost and schedule integration for presenting lower level data.
- ▶ Identify any changes in processes which are required to address data issues as well as the production and validation of the electronic file format.
- ▶ Identify any changes required in your organization's EVMS Description Document due to process or system changes.
- ▶ Train program personnel regarding new EVMS processes and how to collaborate with the government program office in tailoring deliveries by date.
- ▶ Conduct an evaluation of your EVMS as compared to the EIA-748 standard 32 guidelines.

IPMDAR BENEFITS

Addressing the IPMDAR requirement challenges now will not only ensure future contract reporting compliance, but will provide an opportunity for your organization to streamline internal processes in order to access real-time project performance information.

A better understanding of project schedule and costs will allow for more meaningful decision making, as well as foster improved data collaboration between your organization and the government program office.

For more information on compliance with the new DOD IPMDAR DID or to schedule an EVMS assessment, contact Dave Scott, Managing Director, BDO Industry Specialty Services, Program Optimization & Project Controls Solutions, at dmscott@bdo.com.

CONTACTS:

AARON RADDOCK

Partner, Government Contracting Industry National Co-Leader
703-336-1693 / araddock@bdo.com

DEREK SHAW

Managing Director
703-336-1501 / dshaw@bdo.com

GIACOMO APADULA

Managing Director
703-336-1646 / gapadula@bdo.com



People who know Government Contracting, know BDO.
www.bdo.com/government-contracting

ABOUT BDO

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, and advisory services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 65 offices and over 700 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of more than 88,000 people working out of more than 1,600 offices across 167 countries and territories.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information please visit: www.bdo.com.

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

© 2020 BDO USA, LLP. All rights reserved

