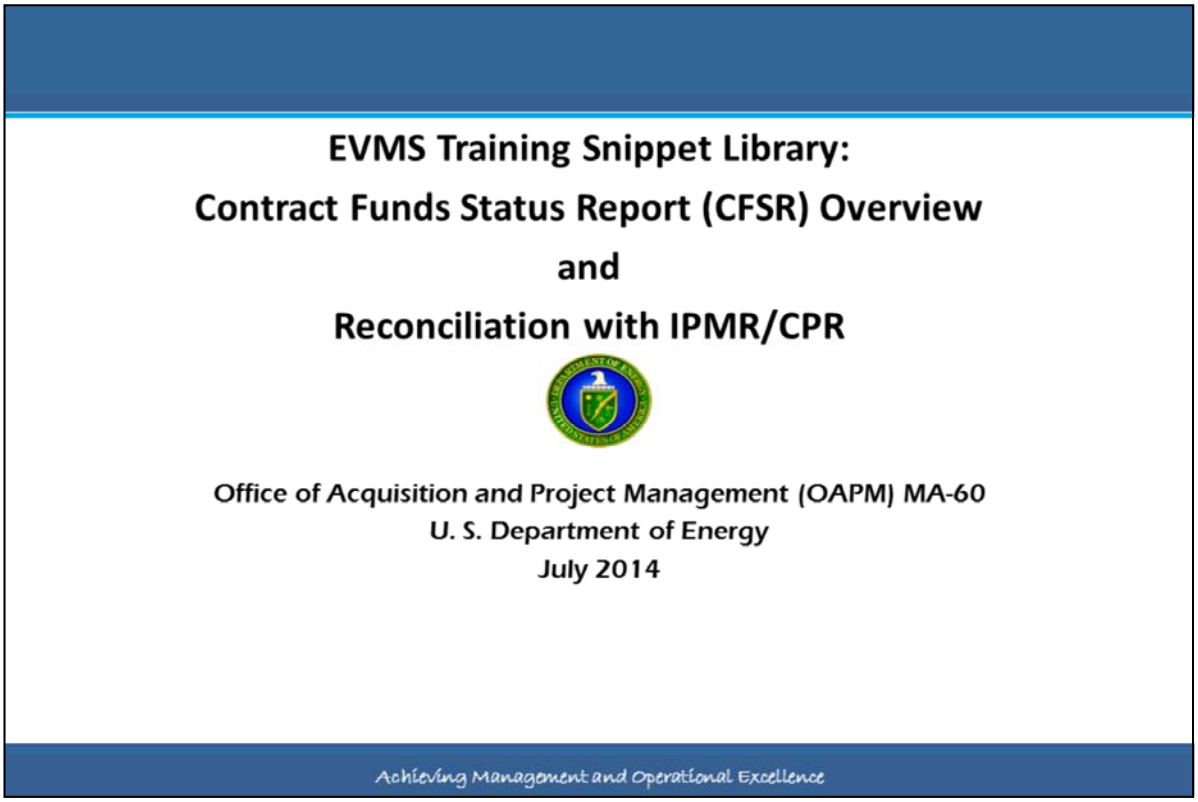
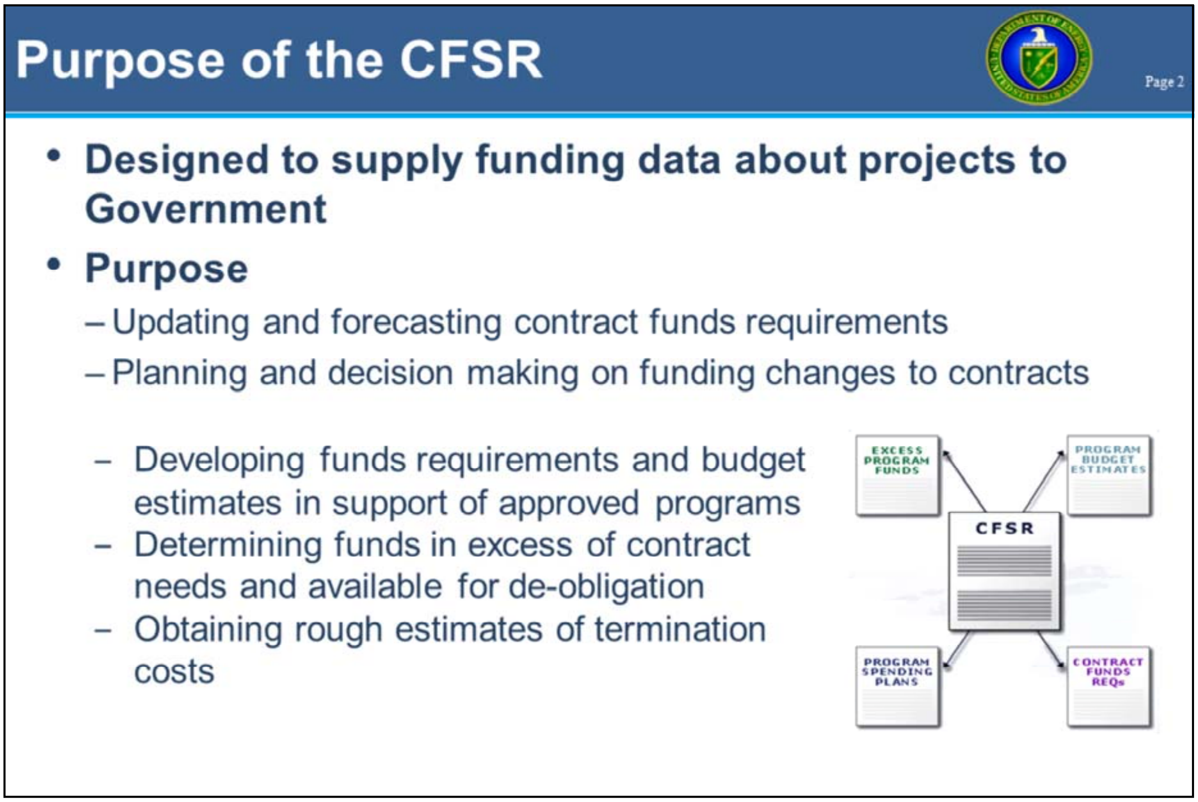


This EVMS Training Snippet sponsored by the Office of Acquisition and Project Management (OAPM) provides an overview of the purpose of the Contract Funds Status Report, and how to review it with the Integrated Program Management Report (IPMR) or Contract Performance Report (CPR).



A best practice often used by the Department of Defense on major acquisition programs, but less common in the DOE, is the Contract Funds Status Report (CFSR). It provides data on contracts for funding forecasts, updates, plans, and other contract related decisions. This information is used for developing funding requirements and estimates in support of approved projects. It is also used to determine approximate termination costs and excess funds available for de-obligation.

The CFSR's primary purpose is to inform the Government customer of the obligations, so as to have the funds available to reimburse the contractor as the monies are expended. It is normally a quarterly submission. The CPR and IPMR are monthly reports containing earned value information, including reported actual costs for completed work and estimated costs for the authorized work remaining to be performed. While much of the data are based on different assumptions, there are some fields, blocks, and sections that should contain the same data, or if not, an explanation is required.

The CFSR should be required at same level as the CPR or IPMR. For example, if there are multiple projects under one contract, the reports will all be prepared at the project level.

CONTRACT FUNDS STATUS REPORT *(Dollars in **Thousands**)*

1. CONTRACT NUMBER	3. CONTRACT FUNDING FOR	5. PREVIOUS REPORT DATE	7. CONTRACTOR (Name, address and zip code)	9. INITIAL CONTRACT PRICE
HC92T-7725	FOR FY 2012, 2013, 2014	2013/01/05	Hanson Construction, Inc. 7715 E 5th Street Carlsbad, NM 88220	a. TARGET 201,096 b. CEILING n/a
2. CONTRACT TYPE	**4. APPROPRIATION**	**6. CURRENT REPORT DATE**	**8. PROGRAM**	**10. ADJUSTED CONTRACT PRICE**
CPIF	RDT&E	2013/04/08	CTAS Test Facility	a. TARGET 205,524 b. CEILING n/a

11. FUNDING INFORMATION

LINE ITEM/WBS ELEMENT	APPRO-PRIATION ID	FUNDING AUTHORIZED TO DATE	ACCRUED EXPENDITURES OPEN COMMITMENTS TOTAL	CONTRACT WORK AUTHORIZED			FORECAST			TOTAL REQUIRE-MENTS	FUNDS CARRY-OVER	NET FUNDS REQUIRED
				DEFINITIZED	NOT DEFINITIZED	SUB-TOTAL	NOT YET AUTHOR-IZED	ALL OTHER WORK	SUB-TOTAL			
a	b	c	d	e	f	g	h	i	j	k	l	m
0001	3600	175,321	80,428	205,524	5,400	210,924	0	0	0	210,924	0	210,924

12. CONTRACT WORK AUTHORIZED (With Fee/Profit) **- ACTUAL OR PROJECTED**

	ACTUAL TO DATE	APR 13	May 13	Jun 13	Jul-Sep 2013	Oct-Dec 2013	Jan-Feb 2014	Mar 14		AT COMPLETION
a. OPEN COMMITMENTS	400	300	100	400	800	500	0			0
b. ACCRUED EXPENDITURES	80,028	94,570	109,715	126,215	162,965	190,365	210,924			210,924
c. TOTAL (12a + 12b)	80,428	94,870	109,815	126,615	163,765	190,865	210,924			210,924
13. FORECAST OF BILLINGS TO GOVT	65,808	16,610	17,820	16,750	48,536	19,400	16,400	10,000		210,924
14. ESTIMATED TERMINATION COSTS	22,972	20,370	20,285	17,035	18,935	7,895	0	0		0

15. REMARKS

Line 12b: Accrued expenditures to date includes fee of $6,158 but not 3,100 of CPR Estimated Actuals.
Line 12b: Future accrued expenditures were estimated by adding an allocation of management reserve to the PMB, then applying the incentive fee percentage.
Line 13: Billings forecast assume two (2) billings per month and all invoices are paid within fourteen (14) days.
Line 14: Termination Liability includes open commitments to suppliers and labor associated with program shutdowns.

This is an example of a completed CFSR. You may notice similar information that tracks to the CPR or IPMR, such as the basic header fields used to identify the contractor, contract, and program or project. We will discuss in more detail how to trace certain data fields between the CFSR and the CPR or IPMR in the following slides.

First let's look at the block outlined in red. Block 3, "Contract Funding For", is not on the CPR or IPMR. This block is where the fiscal year's funding is entered; and the CTAS Test Facility Project indicates a multi-year procurement, or MYP type of funding for the three years, 2012, 2013, and 2014. Separate CFSRs are not required when the multiple FY funds are for the same work scope; such as, multi-year RDT&E for the same specific quantities of hardware. This is why there is only one CFSR required for the CTAS Test Facility Project. It is an MYP type.

Because the CFSR is a funding report, the customer's financial department, the recipient, is primarily interested in the appropriation identification in Block 4, outlined in blue. These RDT&E funds can be used only for this type of acquisition. For example, RDT&E funds cannot legally be used for a production-type project.

Funding Information, the core of the report, is outlined in green. It begins with the line item (or WBS element) shown in Column a. The CTAS Test Facility Project has only one line item. It is identified as a 3600, the RDT&E appropriation type; which is entered in Column b.

The funding authorized to date, Column c, is the amount the customer has authorized from the beginning of the fiscal year to the report date, April 8th, 2013. Compare the Funding Authorized to Date in Column c to the Accrued Expenditures plus Open Commitments Total in Column d. If the Funding Authorized to Date is less than the Accrued Expenditures plus Open Commitments, a notification of potential funding deficiency should have been sent to the customer several months prior to the CFSR as of date, and the current situation (reference to the notification, customer's contracting officer promised forthcoming funds, etc.) should be explained in the Remarks section (Block 15). In this example, there is ample funding available.

The next field, the Contract Work Authorized, should contain familiar looking titles in Columns e, f, and g. They are the same as the CPR / IPMR Format 1 with one very important exception: The values for these items in the CFSR **must** be based on the Most Likely EAC, not the negotiated contract values. Because in our example, the Most Likely EAC equals the Contract Target Cost (CTC) plus AUW, CFSR Block 11e matches Block 10a above, the Adjusted Contract Price (see green arrow).

The Not Yet Definitized, Column f, is the same as the $5M of Authorized Unpriced Work (AUW), plus its 8% of anticipated fee---$5,400,000. This would be true whether or not the Most Likely EAC equals the CTC plus AUW because the value of the AUW is supposed to be the contractor's best estimate.

Adding Columns e and f together sums to the subtotal in Column g, which is $210, 924,000. The Forecast field clearly shows that the project's future, potential funds required, are zero for any not yet authorized, Column h, and all other work, Column i. There are occasions, however, when this future funds requirement is still in the conceptual stage. When there is a change proposed by the contractor or a change requested by the customer that has not yet been formally authorized by the contracting officer, the estimate of the funds required will be entered in Column h.

What's different then about Column i, *All Other Work*? That's for an estimate of funds required for work anticipated to be performed during the remaining contract period for which the contractor has not yet submitted a proposal. It is an opportunity for the contractor to let the DOE know about changes in the future, that might need to be considered, that are not yet authorized or proposed.

Column j is simply the sum of Columns h and i. The form continues to add, as you go across from left to right. Column k is the sum of the two subtotals, Columns g and j. Since the CTAS Test Facility had no forecast funds required for any not yet authorized work, the contract work authorized is equal to the total requirements in Column k of $210,924,000.

The Funds Carryover, Column L, is for incrementally funded contracts only. This is not a factor for the CTAS Test Facility Project, as it is funded from August, 2012 through the contract completion date in February, 2014. If the project were an incrementally funded one, then any funds from a prior federal fiscal year that were in excess of the prior year's requirements would be entered in Column L.

The last column in Block 11 is clearly labeled *Net Funds Required*. The data entered in this column is simply the result of subtracting any *Funds Carryover*, Column L from Column k, *Total Requirements*. Because the CTAS Test Facility Project is funded for the entire contract, the *Net Funds* required and the *Total Requirements* will always be the same.

Now we move on to blocks 12 through 15, outlined in orange. The indicated periods in the top line of Block 12, Columns 3 through 10, should show the period increment, as this example does. Column 3 is marked April, 2013; Column 4, May, 2013; Column 5, June, 2013 with quarterly increments in Columns 6 and 7; and so forth. This project has one last month, March, 2014, when the final forecasted billings to the government are placed in Column 9, a clean-up invoice.

There are a few odds and ends about the composition of the data entries in the columns which we should mention: Projected data should include all planned obligations, anticipated accruals, anticipated over/under targets, G&A, and Fee, or Profit. In other words, the total amount of funds the customer should obligate, considering any contractor sharing of the overrun, loss of Fee, etc.

The CTAS Test Facility Project is a Cost Plus type project; however, if it were an Award Fee type project, the fee actually awarded would obviously be included in Column 1, Actual to Date. The rationale for Award Fee projected thereafter, by period and amount, should be described in the Remarks Section, Block 15, which we'll be discussing soon.

Block 12, the Contract Work Authorized—Actual or Projected field of the CFSR is very important to the customer. It should represent the Estimate to Complete; the time phased expenditure plan of funds until the end of the contract. This field is where the time-tested formula of cumulative-to-date actuals, plus the ETC always equals the EAC, or, cumulative ACWP + ETC = EAC. An important note: The data entries should always include Fee.

Data entries beginning with the first column are cumulative-to-date actuals. All other columns should have the projected cumulative amounts from the start of the contract to the end of the contract period of performance in the last column.

In the last column, *At Completion* should be the Most Likely EAC and all Fees. It does for this project. There's that Estimated Contract Target Price of $210,924,000.

Open commitments, Line 12a, is a self-explanatory term. The CTAS Test Facility Project has indicated the Open Commitments through the end of each period, Columns 2 through 7, and none thereafter. The Accrued Expenditures in Line 12b, Column 1, are those monies spent to date, $80,028,000; which includes fees of $6,158,000, as noted in Block 15, the Remarks Section for Line 12b. The Accrued Expenditures thereafter in Columns 3 through 9 is the ETC, cumulative or accrued expenditures for the next 12 months, until the Total Expenditures of $210,924,000 equals the Estimate at Completion. This clearly shows that by February 2014 the contractor will have expended what was forecasted. Line 12c, Total, needs no additional comments, the block indicates to add Line 12a to 12b, as you can see, it does.

Block 13, the Forecast of Billings, should show the cumulative funds received from the customer plus any unpaid invoices through the current report date. This amount should also include any amounts applicable to progress or advance payments. Notice that the amounts entered in the periods from April 2013 to February 2014 are the incremental amounts. The cumulative amount is only entered in Column 2, Actual to Date.

Estimated termination costs, Block 14, are, as the term implies, the estimated costs that would be necessary to liquidate all customer obligations if the contract were to be terminated for the convenience of the government in that period.

These entries should be the amounts required **in addition** to the amounts shown in Block 12, Line c. Applicable fee/profit should be included. These entries may consist of “rough order of magnitude”, or ROM estimates. They should not be construed as providing formal notification having any contractual significance. The entire line is essentially a ROM of the price anticipated over the accrued expenditures should the contract be terminated; this ROM is not binding.

As you can see, the termination costs on this project average approximately $19M for the next four periods, $8M in the October through December period, and zero thereafter; as the project has only two months remaining.

The last block, the Remarks Section, can be scrolled as necessary to include all explanatory information. The CFSR Data Item Description Instructions contain these six requirements:

Explain the funds required for authorized work not yet negotiated, and for work not yet authorized.

Explain the procedures used to develop the estimate of open commitments and accrued expenditures.

Explain the amount and rationale for any award fee projections.

Explain significant changes in the amount or time phasing of actual or projected total contract work authorized.

Explain the reason or cause if a reported dollar amount differs from one in the previous submission, including where in the report the amount changed and the dollar amount of the change.

Provide a projected contract completion date that supports the funding projections.

And, finally, the contractor is always expected to provide any other information deemed significant or noteworthy.

The CTAS Test Facility Project had four remarks identified to the specific applicable CFSR line. Please note that an explanation was provided for the difference in the CPR’s ACWP cumulative-to-date of $76,970,000 versus the CFSR’s accrued expenditures of $80,428,000.

The remark for Line 12b accurately explains that the accrued expenditures include$6,158,000 of fee; without Fee, this would be $73,870,000.

The CPR Formats 1 and 2 (not shown) includes the $3,100,000 of estimated actuals to avoid booking lag.

Without the estimated actuals in the CPR data, the cumulative-to-date ACWP would be $73,870,000---an exact match, nicely explained.

CFSR Blocks 10-12 to IPMR/CPR Fmt 1, Blocks 5e,f,g Comparison

Page 4

CONTRACT FUNDS STATUS REPORT *(Dollars in Thousands)*

1. CONTRACT NUMBER HC92T-7725	3. CONTRACT FUNDING FOR FOR FY 2012, 2013, 2014	5. PREVIOUS REPORT DATE 2013/01/05	7. CONTRACTOR (Name, address and zip code) Hanson Construction, Inc. 7715 E 5th Street Carlsbad, NM 88220	9. INITIAL CONTRACT PRICE a. TARGET 201,096 b. CEILING n/a
2. CONTRACT TYPE CPIF	4. APPROPRIATION RDT&E	6. CURRENT REPORT DATE 2013/04/08	8. PROGRAM CTAS Test Facility	10. ADJUSTED CONTRACT a. TARGET 205,524 b. CEILING n/a

11. FUNDING INFORMATION

LINE ITEM/WBS ELEMENT	APPRO-PRIATION ID	FUNDING AUTHORIZED TO DATE	ACCRUED EXPENDITURES OPEN COMMITMENTS TOTAL	CONTRACT WORK AUTHORIZED			FORECAST			TOTAL REQUIRE-MENTS	FUNDS CARRY-OVER	NET FUNDS REQUIRED
				DEFINITIZED	NOT DEFINITIZED	SUB-TOTAL	NOT YET AUTHOR-IZED	ALL OTHER WORK	SUB-TOTAL			
a	b	c	d	e	f	g	h	i	j	k	l	m
0001	3600	175,321	80,428	205,524	5,400	210,924	0	0	0	210,924	0	210,924

12. CONTRACT WORK AUTHORIZED (With Fee/Profit) - **ACTUAL OR PROJECTED**

	ACTUAL TO DATE	APR 13	May 13	Jun 13	Jul-Sep 2013	Oct-Dec 2013	Jan-Feb 2014	Mar 14		AT COMPLETION
a. OPEN COMMITMENTS	400	300	100	400	800	500	0			0
b. ACCRUED EXPENDITURES	80,028	94,570	109,715	126,215	162,965	190,365	210,924			210,924
c. TOTAL (12a + 12b)	80,428	94,870	109,815	126,615	163,765	190,865	210,924			210,924

FORMAT 1 - WORK BREAKDOWN STRUCTURE

5. CONTRACT DATA

a. QUANTITY	b. NEGOTIATED COST	c. ESTIMATED COST OF AUTHORIZED UNPRICED WORK	d. TARGET PROFIT/FEE	e. TARGET PRICE	f. ESTIMATED PRICE	g. CONTRACT CEILING
1	$190,300	$5000	$15,222 / 8.0%	$205,524	$210,924	

The purpose of the CFSR is to provide funding information, whereas the CPR is a monthly report of project performance, including earned value, variances and variance analysis, reported actual costs and forecasts of actual costs for the authorized work to be performed on the contract. While much of the data are based on different assumptions, there are some fields, blocks, and sections that should contain the same data, or an explanation is required. In addition to the basic header information used to identify the contractor, contract, and program or project, we will compare other fields that either equal or reconcile between the two reports.
CPR Block 5e and the CFSR Block 10a must match and are the same at $205,524,000 (green arrow).

Our next reconciliation is shown here, where the Estimated Price, Block 5f, in the CPR does match the three fields in the CFSR: The Contract Work Authorized/Definitized, Block 11, Column g, and the two At Completion values in Block 12, Line c, last column and Block 13, last column (red arrows). The $210,924,000 is in both reports accurately.

If the project had a contract ceiling, which the example shown does not, both reports should contain the same ceiling value: CPR Block 5g and the CFSR Block 10b (blue arrow).

CFSR Block 12b to IPMR/CPR Block 8g and 15 Comparison

Page 5

CONTRACT FUNDS STATUS REPORT *(Dollars in **Thousands**)*

12. CONTRACT WORK AUTHORIZED (With Fee/Profit) - ACTUAL OR PROJECTED

	ACTUAL TO DATE	APR 13	May 13	Jun 13	Jul-Sep 2013	Oct-Dec 2013	Jan-Feb 2014	Mar 14		AT COMPLETION
a. OPEN COMMITMENTS	400	300	100	400	800	500	0			0
b. ACCRUED EXPENDITURES	80,028	94,570	109,715	126,215	162,965	190,365	210,924			210,924
c. TOTAL (12a + 12b)	80,428	94,870	109,815	126,615	163,765	190,865	210,924			210,924

15. REMARKS
Line 12b: Accrued expenditures to date includes fee of $6,158 but not 3,100 of CPR Estimated Actuals.
Line 12b: Future accrued expenditures were estimated by adding an allocation of management reserve to the PMB, then
Line 13: Billings forecast assume two (2) billings per month and all invoices are paid within fourteen (14) days.
Line 14: Termination Liability includes open commitments to suppliers and labor associated with program shutdowns.

FORMAT 1 - WORK BREAKDOWN STRUCTURE

8. PERFORMANCE DATA	CUMULATIVE TO DATE		
	BUDGETED COST		ACTUAL COST WORK PERFORMED
ITEM (1)	WORK SCHEDULED (7)	WORK PERFORMED (8)	(9)
a. WORK BREAKDOWN STRUCTURE ELEMENT			
b. COST OF MONEY			
c. GENERAL AND ADMINISTRATIVE			
d. UNDISTRIBUTED BUDGET			
e. SUB TOTAL (PERFORMANCE MEASUREMENT BASELINE)			76,970
f. MANAGEMENT RESERVE			
g. TOTAL			76,970

This last example is the Accrued Expenditures to date in Block 12, Line b, Column 2 of the CFSR. This should reconcile with the Cumulative-to-Date Actual Cost of Work Performed in the CPR Block 8, Line g, Column 9 (orange arrow). Understand that the ACWP and Accrued Expenditures have different definitions; they are not equal but they should reconcile. The differences are because of variations in the accounting of material expenditures, for example, estimated actuals, and the exclusion of profit/fee in the CPR value.

Normally the CFSR value will be higher, but differences should be explained in the Remarks section (Block 15). In this example, because of Fee in the CFSR and Estimated Actuals in the CPR, they do not match but the explanation and rationale are provided in Block 15. The Remarks Section in the CFSR for Line 12b outlined in orange also provides the rationale for how the future accrued expenditures were estimated. It reads “Future accrued expenditures were estimated by adding an allocation of management reserve to the PMB, then applying the incentive fee percentage.”

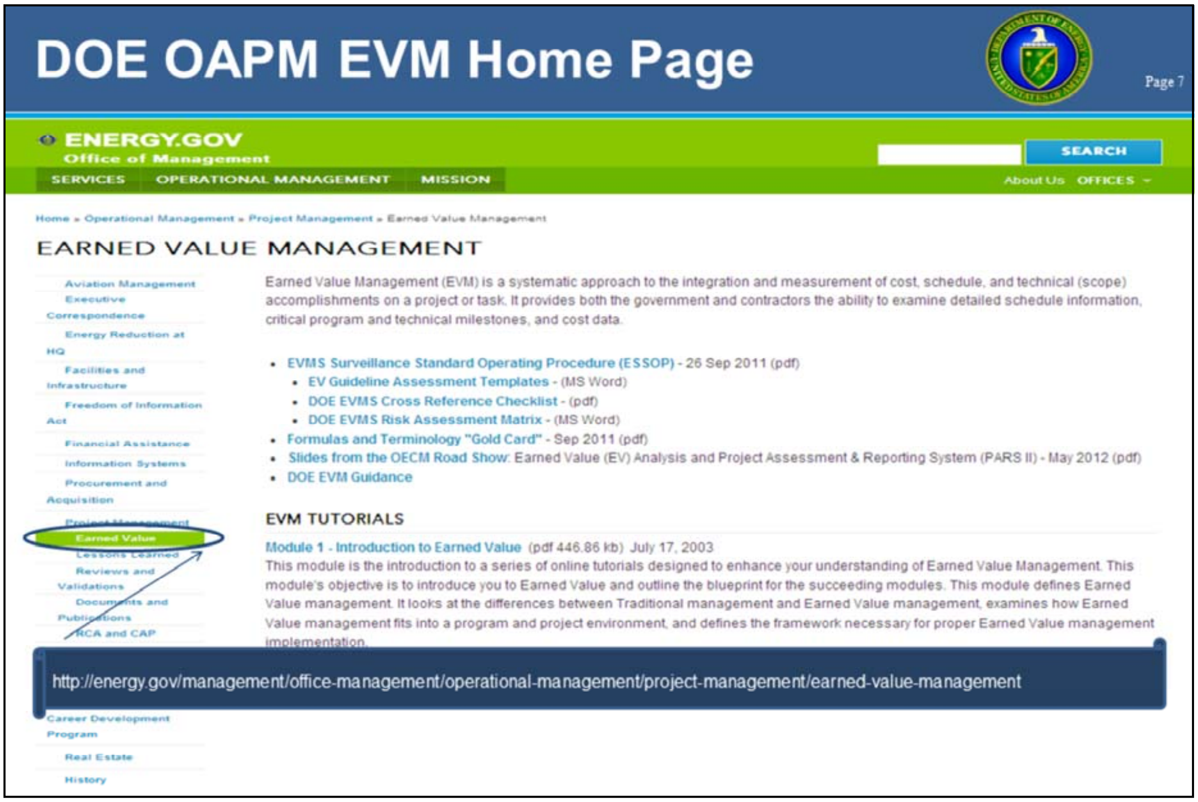
Summary

Page 6

- CFSR provides insight into funding not available in the CPR / IPMR
- There is value in using the two together to compare project status to funding status

The CFSR is all about funds---its primary purpose is to inform the Government customer of the obligations, so as to have the funds available to reimburse the contractor as the monies are expended. It is normally a quarterly submission. The CPR is a monthly report of project performance, including earned value, variances and variance analysis, reported actual costs and forecasts of actual costs for the authorized work to be performed on the contract.

Having the information from both reports assists the Government customer to ensure funds are available as the project moves forward and events and risks occur that may change the financial outlook from the original project perspective.



For information relative to EVMS procedures, templates, helpful references, and training materials, please refer to OAPM's EVM Home page. Check back periodically for updated or new information.