DOE Order 413.3B
"Program and Project Management (PM) for the Acquisition of Capital Assets"
Significant Changes to the Order

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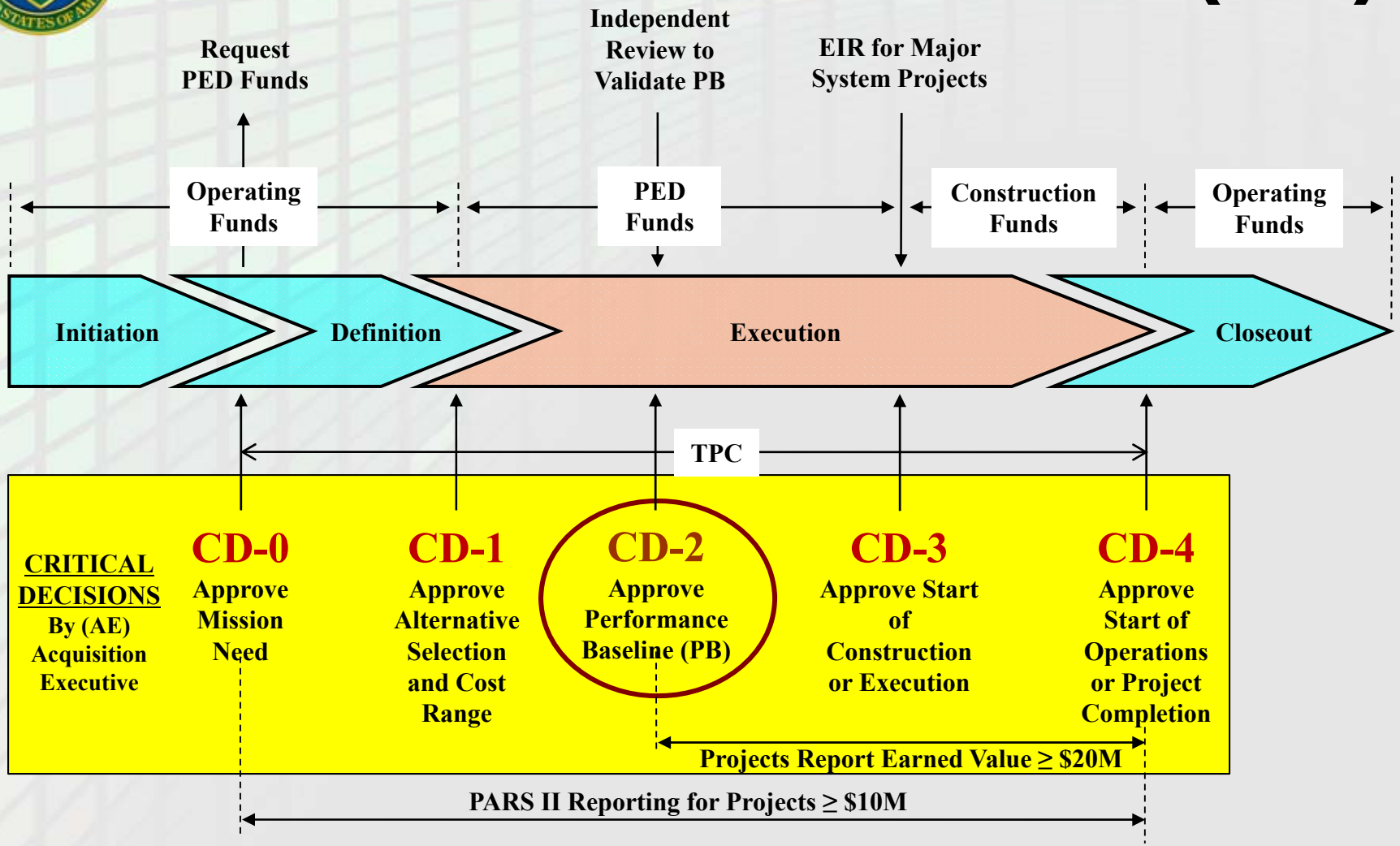
PM Process & Critical Decisions (CD's)



- **Why Revise the Order:**
  - 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

Why Revise the Order?

Order Review Committee

DOE

- **M. Hickman (NNSA) co-chair**
- **D. Lehman (SC)**
- **J. Eschenberg (EM)**
- **B. Berkowitz (OCFO)**
- **P. Bosco (OECM)**

Contractors

- **J. Krupnick (LBNL) co-chair**
- **J. Smith (ORNL)**
- **M. Sueksdorf (LLNL)**
- **R. Jones (Richland)**

Support Staff

- K. Chao (SC)
- J. Glascock (OECM)
- A. Gursahani (LBNL)

- **Project Success:**

  (For "Capital Asset Projects")

  – Project completed within the ORIGINAL approved scope baseline, and within 110% of the ORIGINAL approved cost baseline at project completion (Critical Decision-4, (CD-4)), unless otherwise impacted by a directed change.

- **Portfolio Success:**

  – Ninety percent (90%) of all projects meet project success criteria.

Project Success

CD-2* ➡ Commitment

- Scope
- Minimum Key Performance Parameters
- Total Project Cost
- CD-4 Date (Month/Year)
- Signed by Acquisition Executive

CD-4* ➡ Auditable

- Scope Accomplished
- Key Performance Parameters Met
- Total Project Cost
- Completion Date (Month/Year)
- Signed by Acquisition Executive

***CD-2 - Approve Performance Baseline**

***CD-4 - Approve Project Completion**

If a tree falls in the forest and no one is there to hear it, does it make a sound?

Documenting Project Success

TEMPLATES ONLINE & OECM REVIEW DRAFT MEMOS

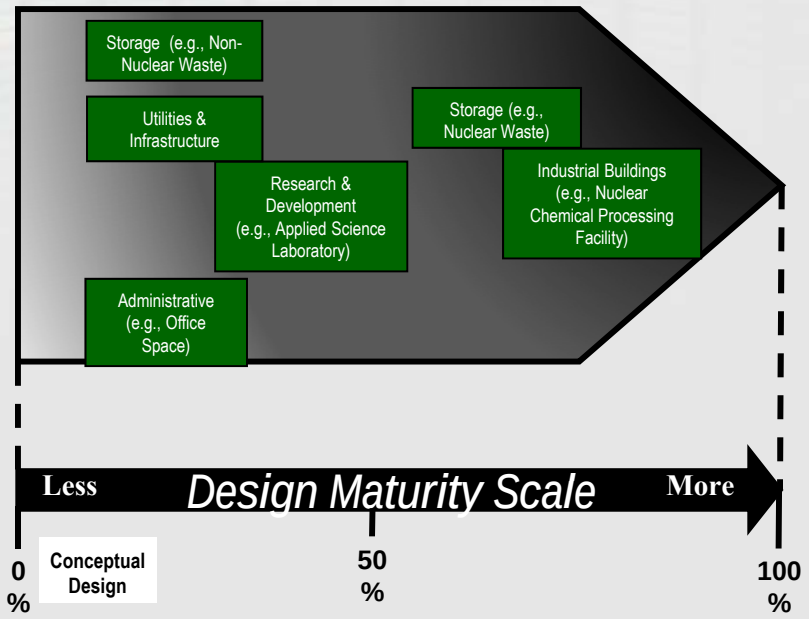
SIGNIFICANT IMPROVEMENTS

- Introduced new exemptions
- Matured front-end planning
- Clarified project size and structure; program versus project management
- Increased thresholds – bolstered responsibilities
- Transformed commitment to funding, budgeting
- Increased project reviews
- Enhanced management and oversight

Significant Improvements

FRONT-END PLANNING

- **DOE O 413.3B requires:**
  - **Design sufficiently mature prior to Critical Decision (CD-2) –** *see figure*
  - Enhanced External Independent Review procedures (projects >$100M); incorporated industry standard practice
    - **Project Definition Rating Index**
    - **Technology Readiness Assessment and Technology Maturation Plan**
    - **GAO's 12-step cost estimating process**
  - **Nuclear Facilities: Code of Record**



Significant Improvements

- **DOE O 413.3B requires:**
  - Decision to break up large projects made at CD-1 (Alternative Selection); document
  - Each smaller project must have its own distinct performance baseline
- **Distinguished program ("large project") and project management**
- **Useable segments for intended purpose…reduce risk and focus scope, funding and span of control**
- **Collectively support one mission need; one project data sheet for full cost visibility**

Significant Improvements

PROJECT SIZE AND STRUCTURE

- **Multiple projects on one Project Data Sheet (PDS)** *(App C, Sec 22.b.)*
  - Projects meet the same mission need and provide full cost visibility
  - Independent Cost Estimate (ICE) possible at CD-1 for entire program

	Construction Cost ($M)						
	CD-0 or CD-1 (Cost Range - $M)	TPC ($M)	FY11	FY12	FY13	FY14	FY15
Project A	-	40	-	-	40	-	-
Project B	-	80	-	-	10	50	20
Project C	100-300	-	-	-	-	100	150
Project D	600-1000	-	-	-	-	25	150
TOTAL	750-1500	-	0	0	50	175	320

Example shows an initial budget request for construction
Projects A & B : Obtained CD-2 (Performance Baseline) approval
Projects C & D: Progressing towards CD-2 approval.

Significant Improvements

INCREASED THRESHOLDS

- **Applies to Projects $50M (vice $20M) or Greater**
  - All Projects $10M or Greater – Report in PARS II (Project Assessment and Reporting System)
  - Submit CD & Baseline Change Proposal (BCP) Documents *(or Equiv.)* to OECM
- **Before Memorial Day:**
  - Reaching a new Critical Decision (CD) -- Use 413.3A
- **After Memorial Day:** Comply with DOE Order 413.3B

Significant Improvements

THRESHOLDS & APPLICABLITY

INCREASED THRESHOLDS

- **Performance Baseline Deviations**
  - Original TPC (Total Project Cost) Increase of $100M or 50%, *(lesser of)*
  - Change in Scope/Performance or Project Exec. Plan (PEP)
  - No Schedule Trip-wire
- **EVMS (Earned Value Management System) Certifications**
  - Greater than $100M – OECM Certifies
  - $50M to $100M – Project Management Support Office (PMSO) Certifies
  - $20M to $50M – Contractor Self-Certifies

Significant Improvements

	DOE O 413.3A		DOE O 413.3B
Critical Decision Authority	**Total Project Cost Thresholds**	**Life Cycle Clean-up Project Cost Thresholds**	**Total Project Cost Threshold**
Secretarial Acquisition Executive	≥ $750M **No Delegation Authority (or any project on an exception basis)**	≥ $1B **Delegation authority to Program Secretarial Office on an exception basis**	≥ $750M **Further Delegation is allowed. (or any project on an exception basis)**
Under Secretaries	≥$100M and <$750M **Delegation authority to PSO for projects < $400M**	Not Applicable	≥$100M and <$750M **Further Delegation is allowed.**
Program Secretarial Officer (PSO)	≥$20M and <$100M **Delegation authority to PM. CD-0 may not be delegated below the PSO.**	<$1B **Delegation authority to HQ or field Senior Executive Service manager. CD-0 may not be delegated below the PSO.**	≥$50M and <$100M **Further Delegation is allowed.**

Significant Improvements

CRITICAL DECISION (CD) AUTHORITY – BOLSTERED RESPONSIBILITY

	DOE O 413.3A		DOE O 413.3B
Critical Decision Authority	**Total Project Cost Thresholds**	**Life Cycle Clean-up Project Cost Thresholds**	**Total Project Cost Threshold**
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Significant Improvements

CRITICAL DECISION (CD) AUTHORITY – BOLSTERED RESPONSIBILITY

FUNDING STABILITY

- **Construction Budget Request Prior to CD-2** *(App A, Sec 4.c.(2))*
  - If CD-2 (Performance Baseline) approval obtained within one year of OMB budget submission

- **Full Funding** *(App C, Sec 15.a.)*
  - Projects (not MIE*) <$20M will request all construction funds within the same appropriation year of start
  - Projects < $50M should request funds within the same appropriation year, if feasible **(w/ execution schedule < 2 YRS)**

(* MIE: Major Items of Equipment)

Significant Improvements

FUNDING STABILITY

- **Funding Profiles** *(App C, Sec 5.)*
  - Acquisition Execute (AE) must endorse any changes to the approved funding profile that negatively impacts the project

- **Reassess CD-1 (Alternative Selection)** *(App A, Sec 4.b.)*
  - If CD-1 cost range grows by 50% as the project proceeds toward CD-2 (Approval of Performance Baseline)

Significant Improvements

INCREASED PROJECT REVIEWS

- **Cost Reviews** *(App C, Sec 18.)*
  - For projects > $750M, OECM conducts ICR prior to CD-0
  - For projects > $100M, OECM must conduct:
    - ✓Prior to CD-1, ICE and/or **ICR (Independent Cost Review)**
    - ✓Prior to CD-2, **ICE (Independent Cost Estimate)**
    - ✓Prior to CD-3, ICE (if warranted)
- **Staffing Reviews** *(App C, Sec 7.)*
  - Qualified staff (including contractors) must be available
  - Programs must use a methodology to determine the appropriate project team size and required skill sets

Significant Improvements

REVIEWS

INCREASED PROJECT REVIEWS

- **Project Peer Reviews** *(App C, Sec 23.)*
  - **Conduct peer review for projects ≥ $100M at least annually**
  - More frequent for complex projects or those experiencing performance challenges
  - May supplement or replace Independent Project Reviews (IPRs)
  - Typical Format of Review; Five Part (Tailor Appropriately)
    1. Scope – Technical
    2. Cost, Schedule and Risk
    3. Management
    4. Environment, Safety, Health, and Quality Assurance
    5. Startup and Commissioning

Significant Improvements

REVIEWS

MANAGEMENT AND OVERSIGHT

- Augmented project reviews and enhanced staffing
- Project performance data uploaded directly into PARS II (Project Assessment and Reporting System) from contractor's system
- Project status reporting by Federal Project Director (FPD), Program Manager and (OECM)
- OECM central repository and compliance office; retain all critical decision and performance baseline change documents
- Submission of contractor evaluation

GAO Criteria:

- Have the Capacity (People & Resources)
- Monitor and Independently Validate

Significant Improvements

- **Contract management and project management alignment – "Aligning Success"**
  - Contracting Officer more prominent role; member of FPD's integrated project team
  - Senior Procurement Executive now member of Secretarial Acquisition Executive's advisory board
  - More to follow…Contract and Project Management Summit Actions

Significant Improvements

- Sound (realistic) performance baselines are essential
- Mature design and technology before CD-2 (Baseline)
- Stable funding is critical – It must be Affordable
- Assign Quality Leaders and Team Members: Align Responsibility, Authority and Accountability
- Don't hesitate to look outside the project team for solutions…leverage the Department…Use Peer Reviews

PROJECT SUCCESS IS THE KEY!

Management… Management…Management!

Document… Document…Document…

Final Thoughts