



The Deputy Secretary of Energy
Washington, DC 20585

June 19, 2012

MEMORANDUM FOR DAVID B. SANDALOW
ACTING UNDER SECRETARY OF ENERGY

THOMAS P. D'AGOSTINO
UNDER SECRETARY FOR NUCLEAR SECURITY

WILLIAM F. BRINKMAN
DIRECTOR, OFFICE OF SCIENCE

HEADS OF DEPARTMENTAL ELEMENTS

FROM: DANIEL B. PONEMAN

A handwritten signature in black ink, appearing to read "Daniel B. Poneman", written over the printed name.

SUBJECT: Project Assessment and Reporting System (PARS II) Data Quality

The Project Assessment and Reporting System (PARS II) communicates capital asset project performance and forecasts to project managers and senior leaders at all levels. Monthly reporting of project performance data into PARS II, including earned value data, is a requirement of DOE Order 413.3B, *Program and Project Management for the Acquisition of Capital Assets*. Significant efforts have been made in recent years to improve PARS II functionality and Earned Value Management System (EVMS) data quality – the PARS II/EVMS road show launched this spring is intended to highlight system improvements.

While PARS II is but one of many tools used to monitor project performance, when information and earned value data in the system are deficient and do not accurately reflect current project status or provide acceptable forecasts, effective project management is impaired. If we are to demonstrate long-term improvement in contract and project management, we must insist on project information that facilitates management, not impedes it. That has not always been the case and that must change. Accordingly:

- The Federal Project Director must assure project cost and schedule performance reflects reality. Early warning indicators are essential. Monthly estimates at completion (EACs) are a must, including a separate EAC, or forecasted total project cost, provided by the Federal Project Director. Earned Value Management System gamesmanship should not be tolerated.
- The contractor must be held accountable for providing timely, accurate, reliable and actionable project and contractor cost, schedule, performance, risk, and forecast data,



reports and information. The Federal project team must be accountable for its oversight and validation of the data.

- Contracts should be structured so as to minimize cost overrun exposure. When significant Performance Baseline Change Proposals occur, Contracting Officers must consider a revised cost share proposition moving forward. Contracting Officers must take necessary actions to ensure contracts include appropriate requirements for complete, accurate and timely reporting with appropriate analysis to support contractor's monthly estimates of project completion cost and schedule.

This policy clarification is effective immediately. Your personal leadership and support is needed to improve the accuracy of project performance reporting, the completeness of PARS II information, and the quality of EVMS data.

Please ensure this policy gets communicated to your capital asset project teams, at all levels. The Office of Engineering and Construction Management and Office of Procurement and Assistance Management will work with your offices to facilitate the implementation of this policy, and will codify it in the next update of applicable acquisition and project management policies and directives.

cc: Acting Director, Office of Engineering and Construction Management
Director, Office of Procurement and Assistance Management

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