

Welcome to
WASHINGTON, DC

**The Contract Management Journey:
Seizing New Opportunities for Success**



**WORLD
CONGRESS**

July 27–30, 2014
Washington, DC



#NCMAWC



NCMA
NATIONAL CONTRACT MANAGEMENT ASSOCIATION

Follow the money – better acquisition decisions through financial analysis



Breakout Session # G12

Sean Williams, PMP, ITIL-F, CSM

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Integrity Management Consulting

30 July 2014

9:45am-11:00am



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Agenda

- Introductions
- Main ideas
 - ROI from financial analysis
 - Ubiquity of financial analysis
- Decision Support Systems (e.g., PPBE, ARP, CPIC)
 - Overview
 - Financial analysis by DSS
 - Challenges
 - Solutions (via best practices, tools, vignettes)
- Takeaways
- Conclusion / Q&A

Parish faces lawsuit seeking \$52 million

HEIDI R. KINCHEN

COMMENTS

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July 01, 2014

Livingston Parish received a potentially devastating blow to its finances Monday when a three-judge panel denied the parish's \$59 million in claims against the Federal Emergency Management Agency for Hurricane Gustav cleanup costs.

Parish President Layton Ricks said he was shocked to learn the panel awarded the parish nothing.

"We have done everything I know to do, and everything possible, to try to get some satisfaction from the federal government, from this panel of judges, in order that we might get our citizens paid," Ricks said. "And I'm just very, very disappointed where we stand right now because, right now, it was zero across the board."

The parish's legal team is exploring its options after the **U.S. Civilian Board of Contract Appeals**, in Washington, D.C., ruled that the parish already received more money from FEMA than could be justified by the parish's documentation of the work.

The ruling, which followed a five-day hearing held in late May, is the final stop in the parish's five-year quest to reverse the course of former Parish President **Mike Grimmer's decision** in May 2009 to halt the cleanup and request an audit of the work.

By law, the panel's decision is **binding and cannot be appealed**.

Ricks said he is disappointed in the outcome but is pleased the judges did not specifically find the parish's contractors committed any fraud, waste or abuse of resources, as Grimmer and **FEMA had alleged**.

Source: The Advocate

Republican claims that SNAP is bloated, full of fraud, waste and abuse is “patently false”, says Rep. McGovern



GroundReport | Author: Robert Tilford
Filed Under: News, Politics | Posted: 06/10/2014 at 6:47PM
0 Comments | Region: Massachusetts | United States

    
Article Views 1849



"Mr. Speaker, over and over again, House Republicans complain about Federal spending, especially when it comes to our Nation's premier anti-hunger safety net program, a program known as SNAP. They say the program is too big, that it is bloated and it is full of fraud, waste, and abuse. These claims are patently false and have been dispelled over and over again. But there is something else missing from the House Republicans' attacks on SNAP—a plan to responsibly shrink the program", said Rep. McGovern.

On June 9, 2014 Rep. McGovern of Massachusetts asked for and was granted permission to address the United States House of Representatives for a few minutes regarding the anti-hunger safety net called SNAP (Supplemental Nutrition Assistance Program). He also advocated the raising of the minimum wage.

Here is exactly what he said:

"Mr. Speaker, over and over again, House Republicans complain about Federal spending, especially when it comes to our Nation's premier anti-hunger safety net program, a program known as SNAP. They say the program is too big, that it is bloated and it is full of fraud, waste, and abuse. These claims are patently false and have been dispelled over and over again. But there is something else missing from the House Republicans' attacks on SNAP—a plan to responsibly shrink the program.

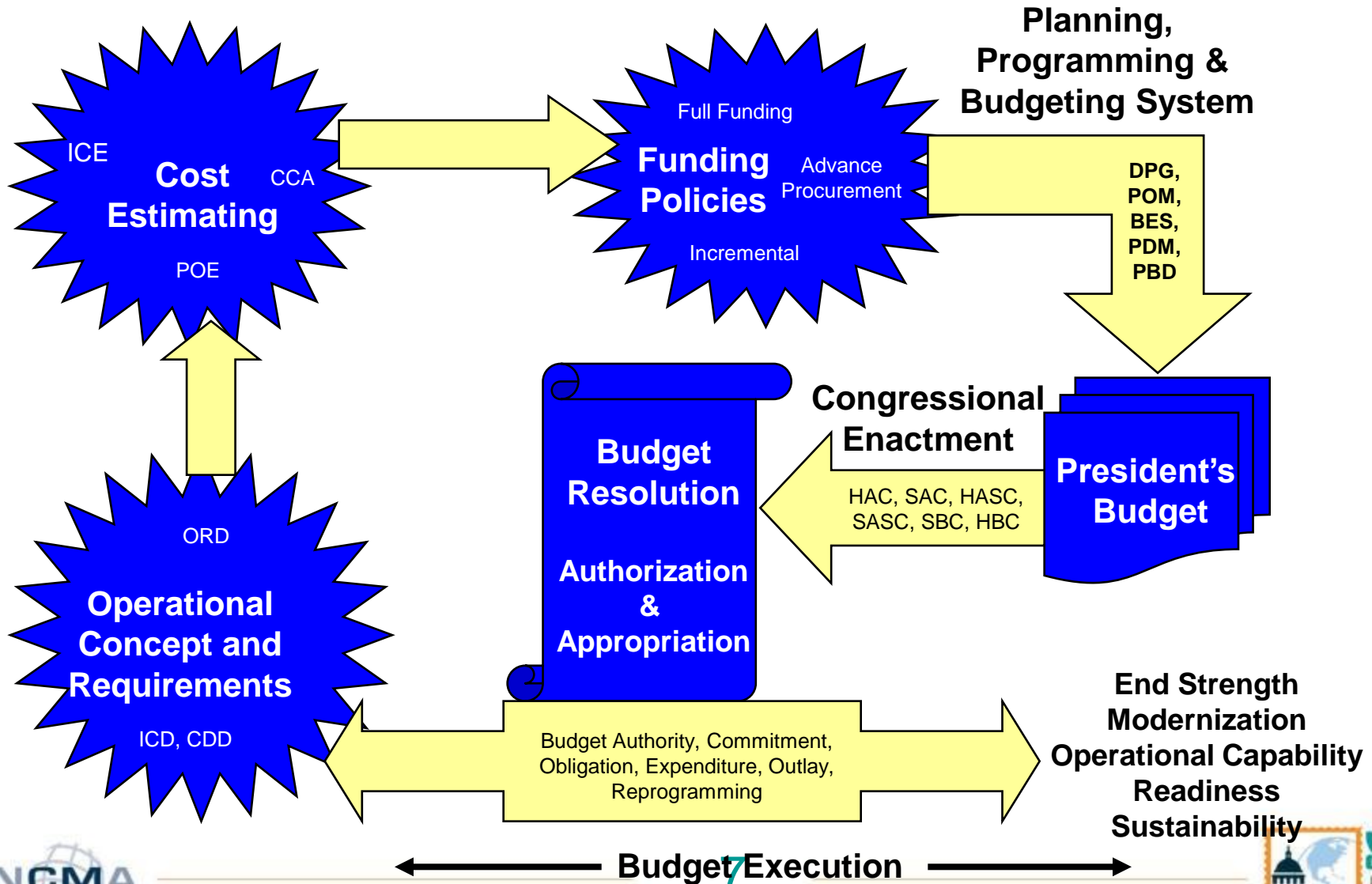
Now, of course, House Republicans have many irresponsible plans to reduce

Source: GroundReport

Ubiquity of financial analysis

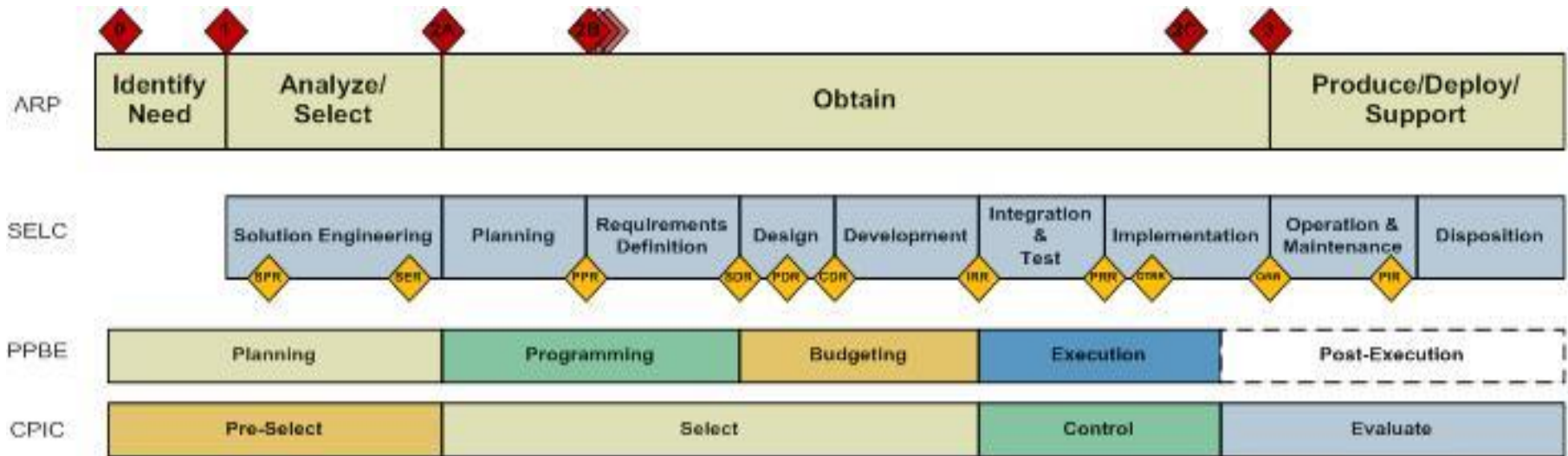
- From concept to capability
 - Most Federal investments are taxpayer-funded.
- Spans nearly all Federal decision support systems
 - Missions, Portfolios, Programs, Projects, and contracts all require financial resources.
 - Due diligence is needed at each step along the way.

Ubiquity: From need to concept to requirements to capability



Decision Support Systems (DSS)

- Financial analysis spans many DSS including ARP, SELC, PPBE, and CPIC.



Acquisition Decision Events

0: Collect Needs
1: Validate Needs
2A: Approve Program
2B: Approve Supporting Acquisitions
2C: Low Rate Initial Production (Hardware)
3: Approve Produce/Deploy/Support

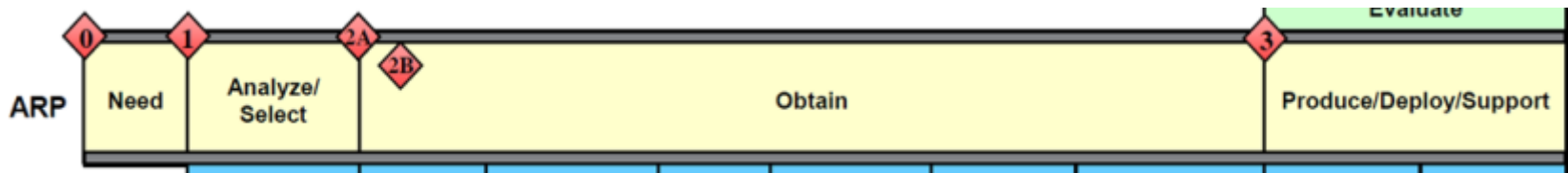
SELC Stage Reviews

SPR: Study Plan Review	IRR: Integration Readiness Review
SER: Solution Engineering Review	PRR: Production Readiness Review
PPR: Project Planning Review	OTRR: Operational Test Readiness Review
SDR: System Definition Review	ORR: Operational Readiness Review
PDR: Preliminary Design Review	PIR: Post Implementation Review
CDR: Critical Design Review	

ARP – Acquisition Review Process
 SELC – System Engineering Life Cycle
 PPBE- Planning, Programming, Budgeting and Execution
 CPIC – Capital Planning Investment Control

Source: DHS

Acquisition and Program Management Review Processes (ARP)

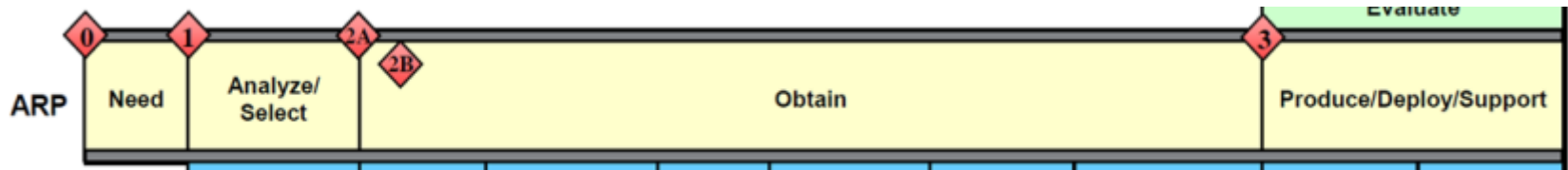


ARP Acquisition Decision Events

- 0: Collect Needs
- 1: Validate Needs
- 2A: Approve Approach
- 2B: Approve Mechanisms
- 3: Approve Deployment/Support

- ADEs (ADA & ARB)
 - Acquisition documents
- Produces information used by the CPIC process

Acquisition and Program Management Review Processes (ARP)



ARP Acquisition Decision Events

- 0: Collect Needs
- 1: Validate Needs
- 2A: Approve Approach
- 2B: Approve Mechanisms
- 3: Approve Deployment/Support

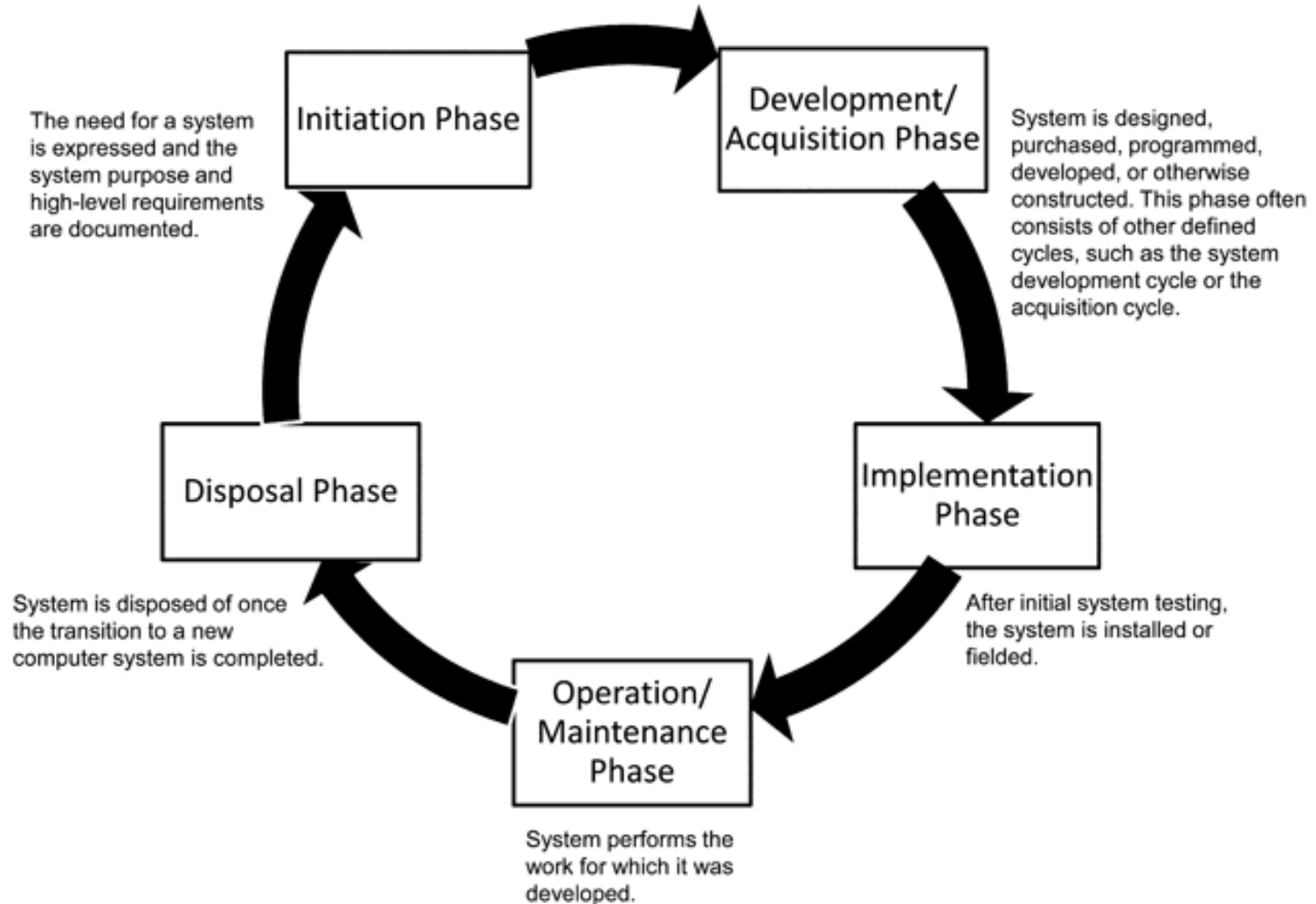
- Challenges and Solutions:
 - ARP and the Acquisition Review Board (ARB)
 - Reviews
 - Documentation
 - Approval

Acquisition and Program Management Review Processes (ARP)



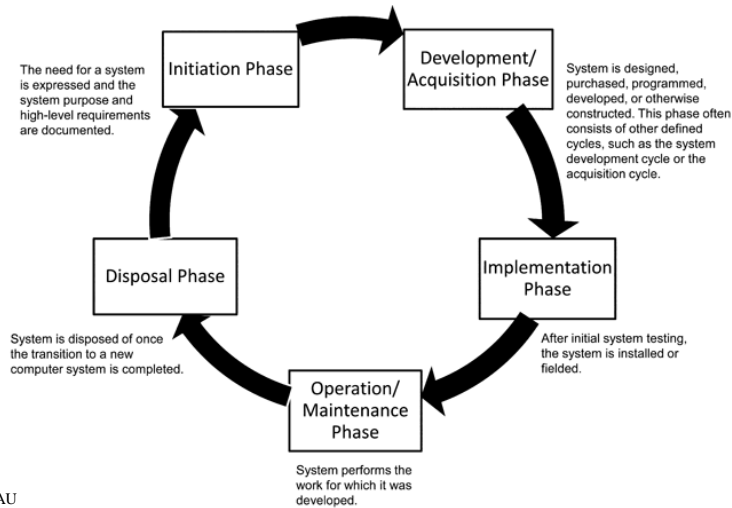
Source: MBAClubIndia.com

Contracting Decision Support Process



Source: DAU

Contracting Decision Support Process



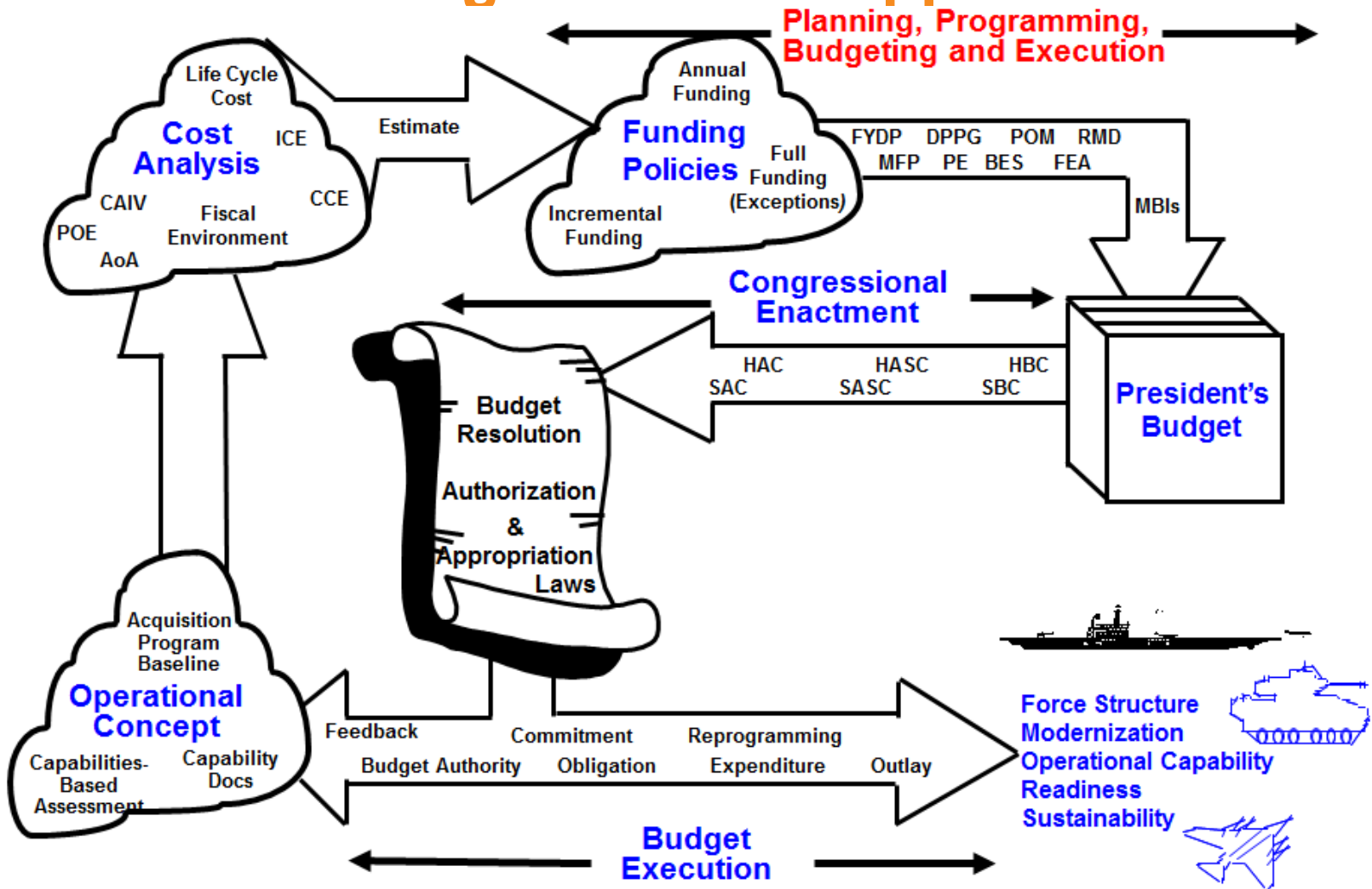
- Challenges and Solutions:
 - Business Need and Strategy
 - Procurement
 - Development / Operations & Maintenance
 - Contract Closeout

Contracting Decision Support Process



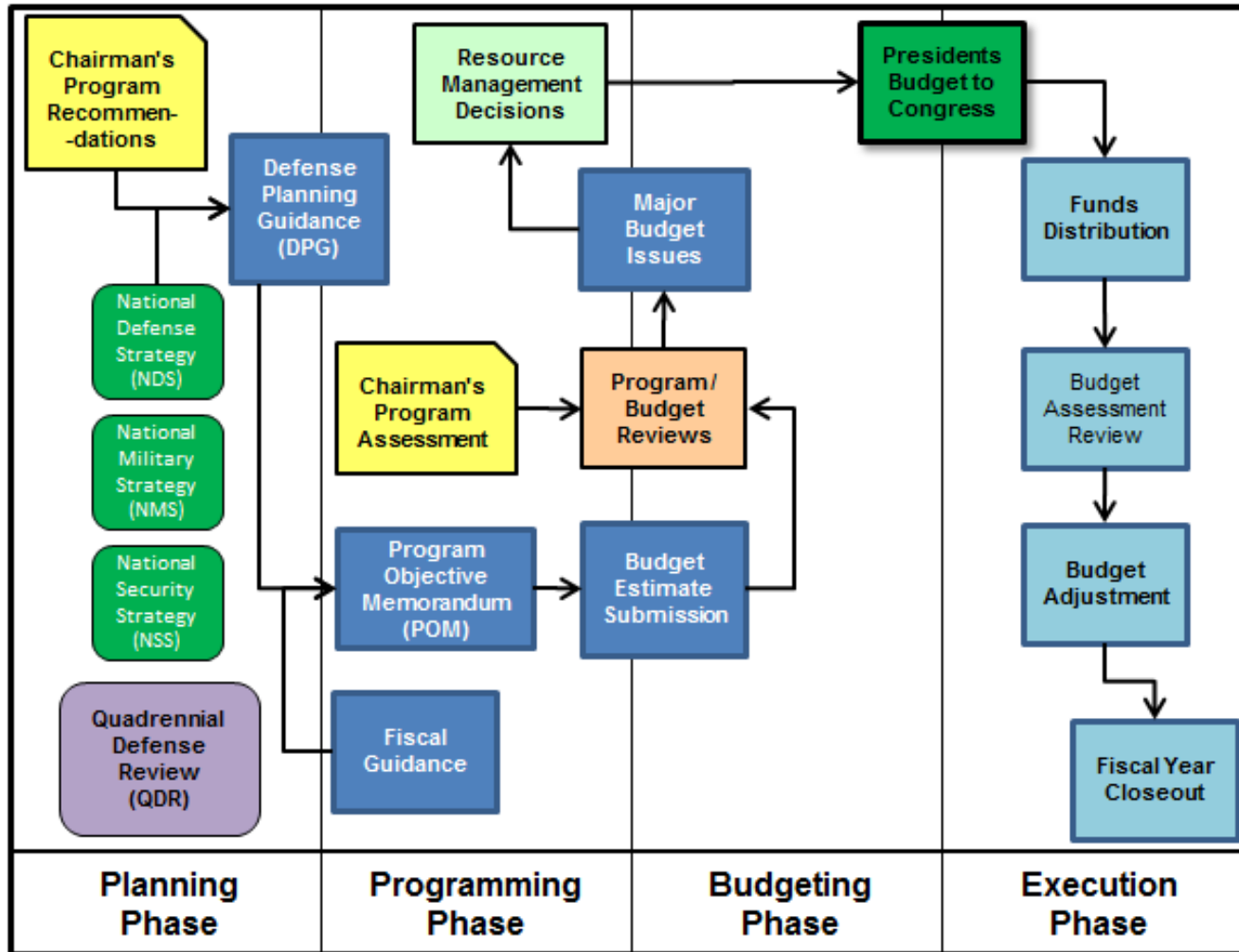
"Play around with these figures, Harry. I've given you the total I want them to add up to."

PPBE Contracting Decision Support Process



Source: DAU

PPBE Contracting Decision Support Process



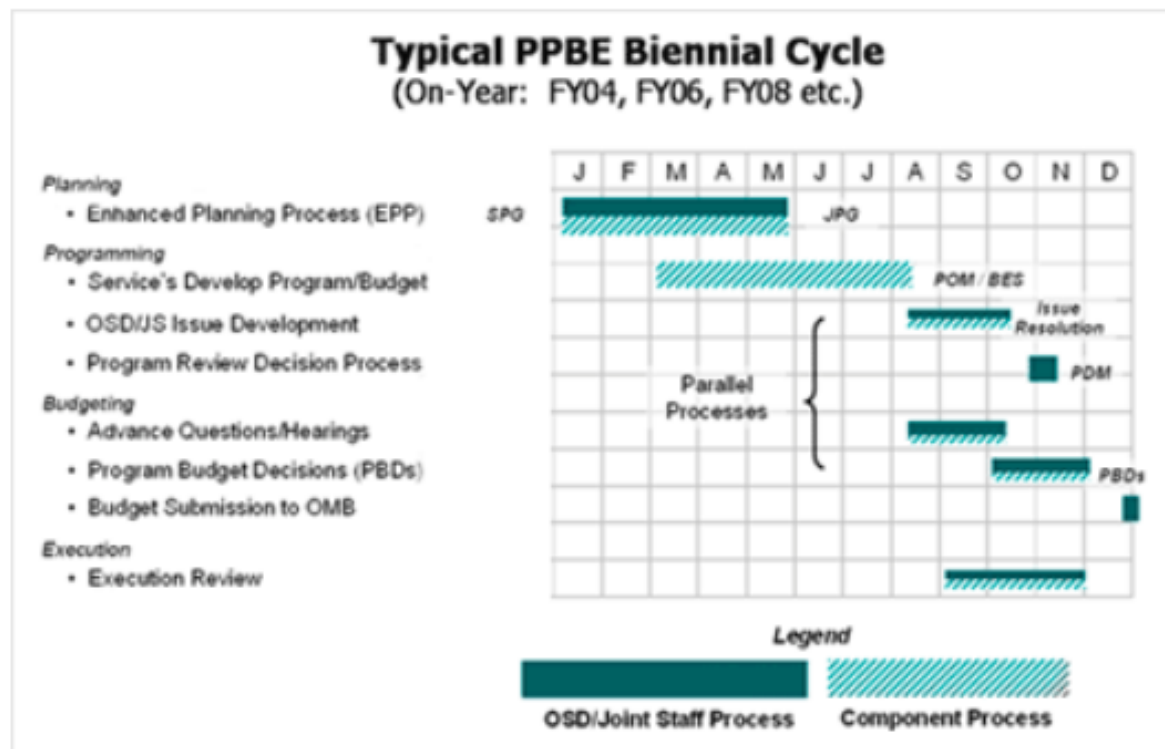
Source: U.S. Army

PPBE Contracting Decision Support Process

PPBE Biennial Cycles: On-Year

In 2003, the Department adjusted its planning, programming and budgeting procedures to support a two-year cycle that results in two-year budgets. The revised process is described in Management Initiative Decision (MID) 913, dated May 22, 2003. The concept in MID 913

is consistent with submission of a biennial DoD budget that is part of the President's Budget request to Congress for even-numbered fiscal years (FY) (e.g., the FY 2004 President's Budget, submitted to Congress in March 2003, contained justification material for both FY 2004 and FY 2005). In this cycle, the even-numbered years are called on-years, while the odd-numbered years are called off-years.



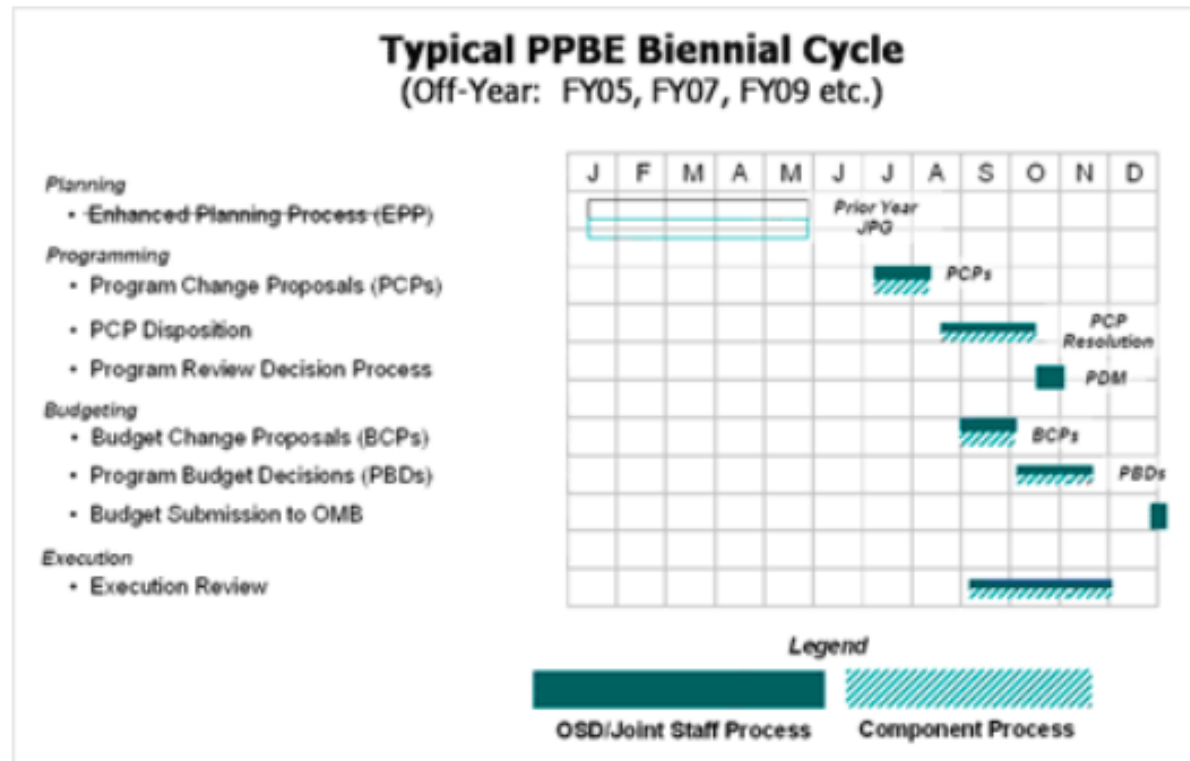
Source: DAU

PPBE Contracting Decision Support Process

PPBE Biennial Cycles: Off-Year

In practice, Congress does not actually provide the Department with biennial appropriations. An amended budget justification must be submitted for the second year of the original biennial request so that Congress will appropriate funds for that second year. The Department uses a restricted process

in the off-year to develop an amended budget that allows for only modest program or budget adjustments.



Source: DAU

PPBE Contracting Decision Support Process

PPBE Biennial Cycles (continued)

From a larger perspective, the biennial PPBE cycle is designed to support and implement policy and strategy initiatives for each new four-year Presidential administration. This image depicts alignment of the biennial PPBE cycle over a four-year term.

PPBE Two-Year Cycles Corresponding to Four-Year Presidential Terms

Year 1 (Review and Refinement):

- New National Security Strategy
- Off-year JPG as required (at discretion of SECDEF)
- Limited Changes to Baseline Program

Year 2 (Formalize the Agenda):

- Quadrennial Defense Review (QDR)
 - Aligned with PB submission in second year of an administration
- On-year SPG/JPG (implementing QDR)
- Fiscal Guidance Issued
- POM/BES Submissions

Year 3 (Execution of Guidance):

- Off-year JPG as required (at discretion of SECDEF)
- Limited Changes to Baseline Program

Year 4 (Ensuring the Legacy):

- On-year SPG/JPG (refining alignment of strategy and programs)
- Fiscal Guidance Issued
- POM/BES Submissions

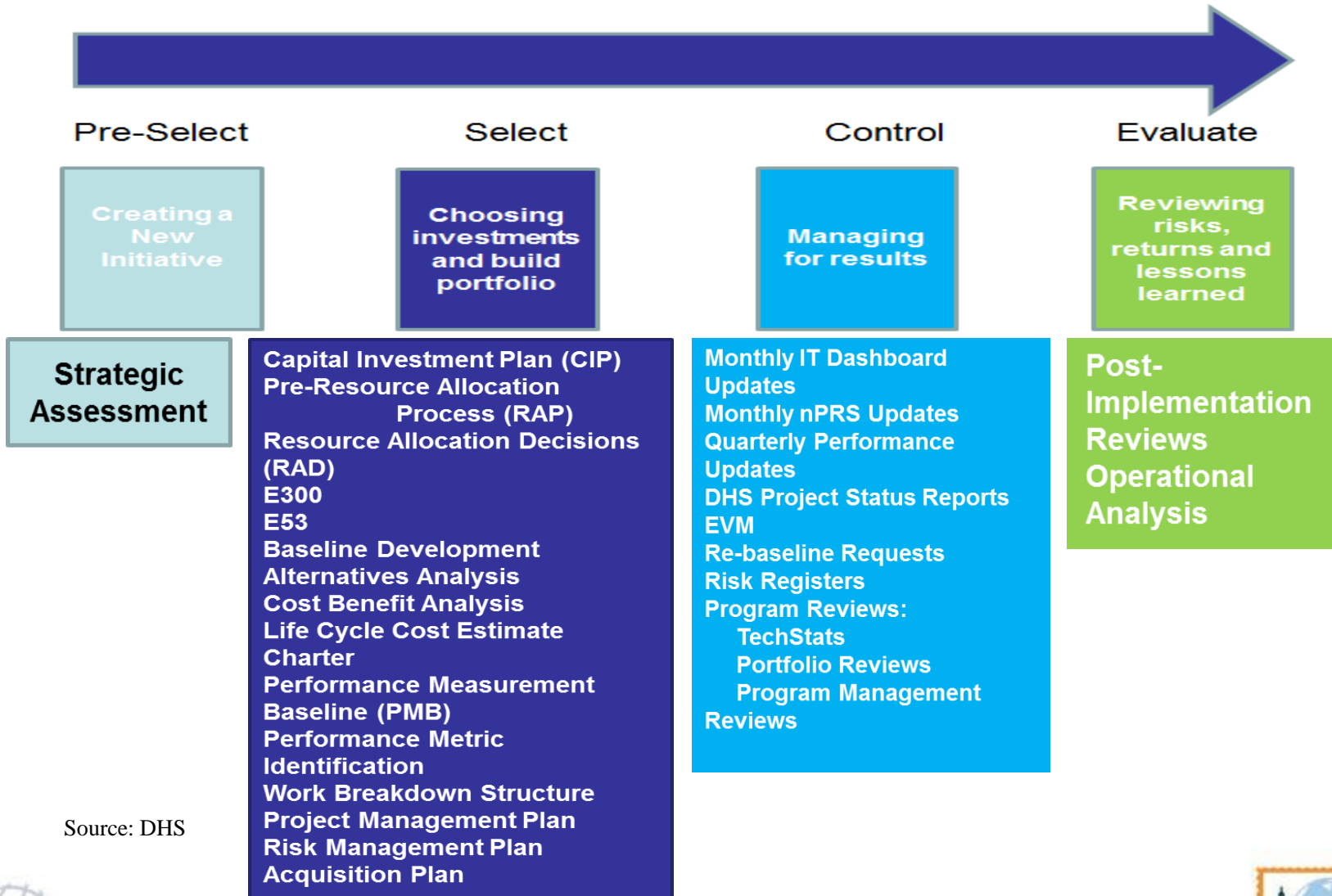
Source: DAU

PPBE Decision Support Process



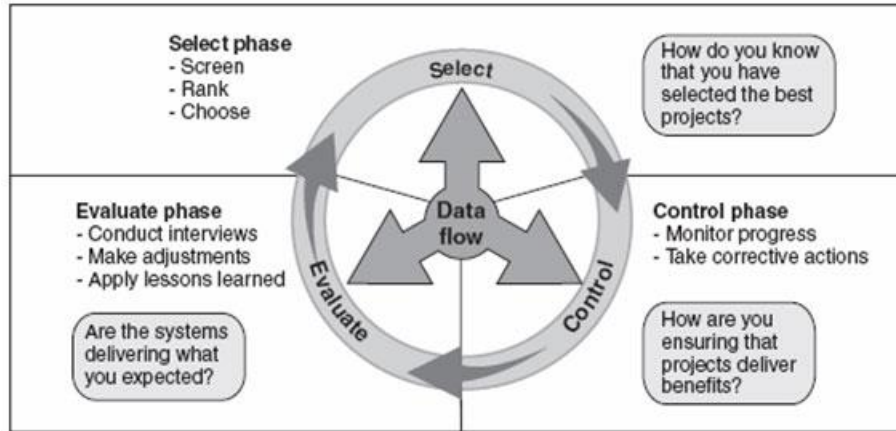
"I know nothing about the subject,
but I'm happy to give you my expert opinion."

CPIC Decision Support Process



Source: DHS

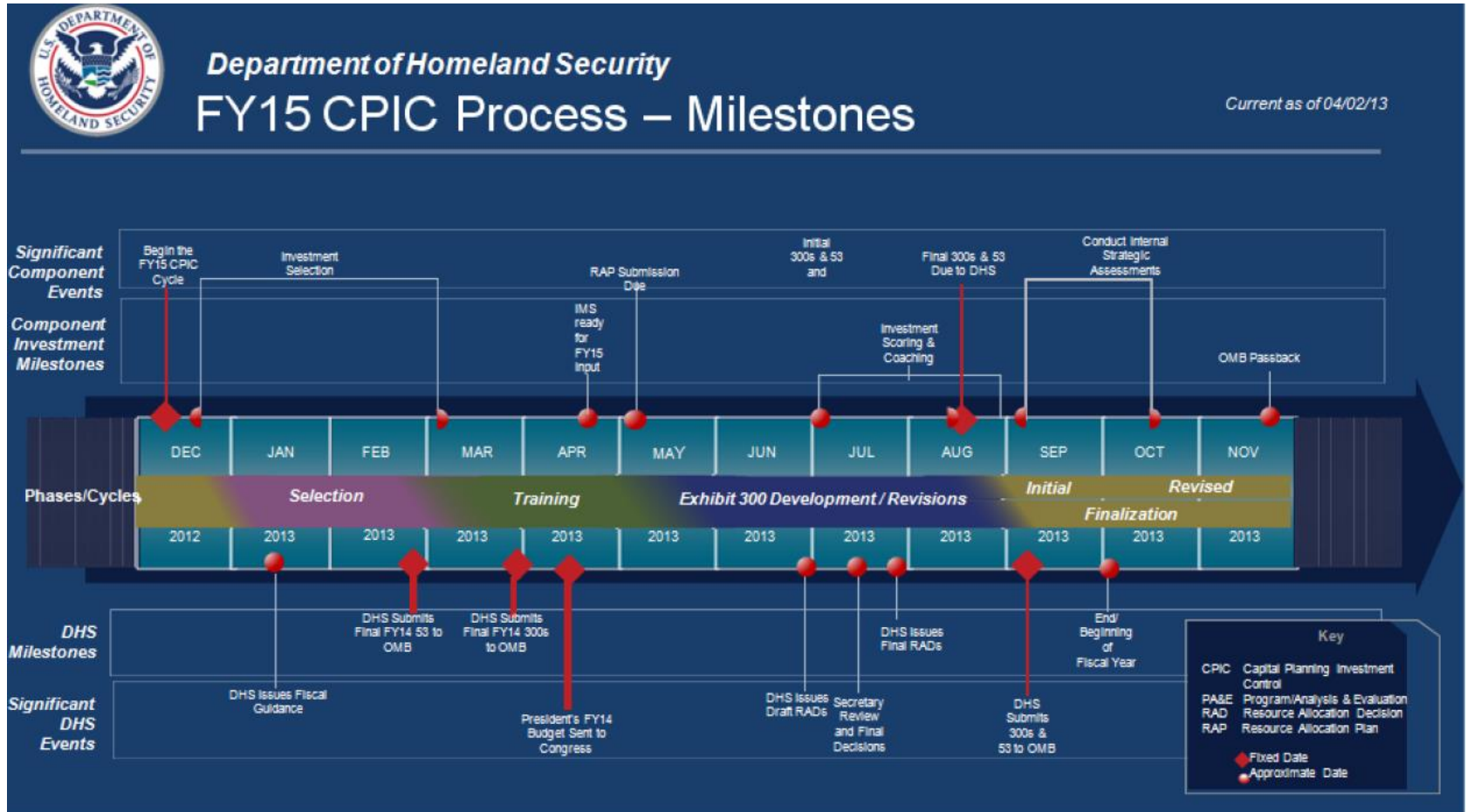
CPIC Decision Support Process



Source: HHS

- Challenges and Solutions:
 - Exhibits 300 / 53
 - Documentation
 - Review and Passback
 - Going to Green

CPIC Decision Support Process



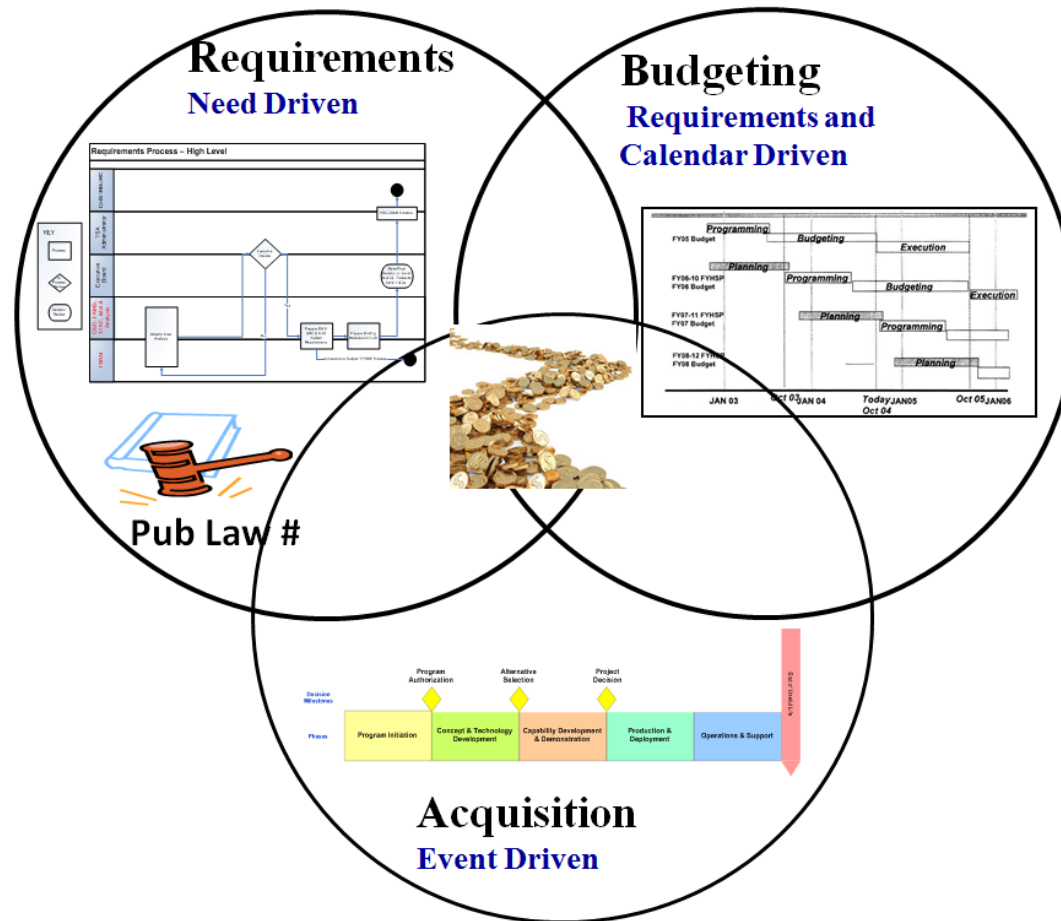
Source: DHS

CPIC Decision Support Process



Source: Privacy Commissioner of Canada

Interrelated Decision Support Systems



- Leverage existing artifacts, tools, practices across the DSS. Don't reinvent wheel.

Takeaways

- Financial analysis is as important as ever, if not more for agencies today.
- Financial analysis is something we all do to some extent.
- Sound financial analysis can help agencies deploy resources more efficiently and effectively.
- Financial analysis early in the acquisition process can pay dividends later.





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