Chapter 5 – Project Oversight

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References

(a) NAVSEAINST 5450.36C, Mission, Functions and Tasks of the Supervisors of Shipbuilding Conversion and Repair

(b) NAVSEAINST 5400.60A, On-Site Program Management Representatives (PMR)

(c) NAVSEAINST C9210.22, Requirements for Security and Safety of Nuclear Reactor Plants and Special Nuclear Material

(d) NAVSEAINST 9210.10C, Requirements for Accountability and Transfer of Special Nuclear Material Used in Connection with Naval Nuclear Propulsion Plants

(e) NAVSEA 389-0288, Radiological Controls

(f) OPNAVINST N3040.5E, Procedures and Reporting Requirements for Nuclear Reactor and Radiological Accidents

(g) NAVSEA S9211-05-MMA-000, Radiological Emergency Planning Manual for the Naval Nuclear Propulsion Program

(h) NAVSEA Standard Item 009-72, Accomplish Physical Security at Private Contractor's Facility

(i) Federal Acquisition Regulations (FAR)

(j) Defense Acquisition Regulations Supplement (DFARS)

(k) Department of Navy CPARS Guide

(l) Guide to the Project Management Body of Knowledge (PMBOK), Sixth Edition, Project Management Institute

(m) NAVSEAINST 4130.12B, Configuration Management (CM) Policy and Guidance

(n) 10 U.S.C. 2433, Unit Cost Reports (Nunn-McCurdy Act)

(o) NAVSEAINST 4710.8B Chg 1, Cost and Performance Reporting for CNO Scheduled Ship Maintenance Availabilities

(p) NAVSEA Technical Specification 9090-310G, Alterations to Ships Accomplished by Alteration Installation Teams

(q) OPNAVINST 4700.8K, Trials, Acceptance, Commissioning, Fitting Out, Shakedown, and Post Shakedown Availability of U.S. Naval Ships Undergoing Construction or Conversion

(r) Joint Fleet Maintenance Manual Volume 1, New Construction

(s) NAVSEA 0905-485-6010, Manual for the Control of Testing and Ship Conditions

(t) OPNAVINST N9080.3G, Procedures for Test and Trials of Navy Nuclear Powered Ships Under Construction, Modernization, Conversion, Refueling and Overhaul

(u) NAVSEA 0924-LP-062-0010, Submarine Safety (SUBSAFE) Requirements Manual

(v) DoD Instruction 5010.40, Managers' Internal Control Program (MICP) Procedures

(w) OPNAVINST 5200.25E, CNO Management Control Program

(x) NAVSEAINST 5200.13D, Managers' Internal Control Program (MICP)

(y) OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control

(z) TMIN-SL130-AB-GYD-010/CMP, Configuration Management Guidance Manual

(aa) MIL-HDBK-61A, Configuration Management Guidance

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Chapter 5 – Project Oversight

5.1 Introduction

This chapter discusses project oversight in support of contracts for the construction, conversion, overhaul, and repair of ships, submarines and craft. The objectives of the SUPSHIP project oversight function are to:

- Assure shipbuilder performance meets the terms and conditions of the applicable contract
- Influence the shipbuilder to maximize project performance
- Lead headquarters (NAVSEA & Program Executive Officer's (PEO)) and Fleet knowledge and actions with respect to shipbuilder project performance (*government alignment)*

Given the magnitude of taxpayer dollars invested and the critical nature of the shipbuilding and ship repair projects administered by SUPSHIPs, active oversight of contractors' project management and execution is imperative to successful performance.

Project oversight within the SUPSHIP refers to the day-to-day management of assigned new construction, conversion and overhaul projects. The assignment may commence as early as concept development in support of tasking from the Program Manager (PM) and continues until the contract is completed. The Supervisor works with NAVSEA 04Z and the PM to define manning requirements and resources to staff the SUPSHIP project office. A SUPSHIP may have multiple project offices depending on the number, complexity and type of ship classes.

The PM is the individual with overall life cycle responsibility, commencing with concept development of the Congressionally-approved acquisition program and continuing through definition of specifications, award of contract, contract design, detailed design, construction, deployment, operational sustainment of the class, and ultimately, disposal. The PM reports to the PEO responsible for the acquisition program. The Program Manager's onsite representative at the SUPSHIP is the Program Manager Representative (PMR). The PMR, as the senior leader of the SUPSHIP project office, is responsible for those shipbuilding processes (design and construction) that take place at the shipbuilder's site and is charged with balancing the needs of the PM with the needs of the Supervisor of Shipbuilding.

This chapter addresses the roles and responsibilities of the project office and the key processes in the execution of work. This chapter also describes the organizational structure of the project office, external interfaces involved in project management, and the personnel qualification requirements for the project office team.

5.1.1 Project Management for Other Activities

SUPSHIPs may be called upon by various activities (e.g., NAVSEA, MSC, DoD, DOT, etc.) to perform oversight functions and other tasks that fall outside the scope of the SUPSHIP mission as stated in reference (a), NAVSEAINST 5450.36C, Mission, Functions and Tasks of the Supervisors of Shipbuilding Conversion and Repair. Because this is non-mission work, it is not planned and budgeted in the SUPSHIP Workforce Forecasting Tool (SWFT) manning model, and SUPSHIPs do not receive EOB funding to perform these tasks. A SUPSHIP may, however, choose to accept this work and augment command manning if reimbursable funding is provided by the tasking activity.

5.2 Functional Organization

5.2.1 Introduction

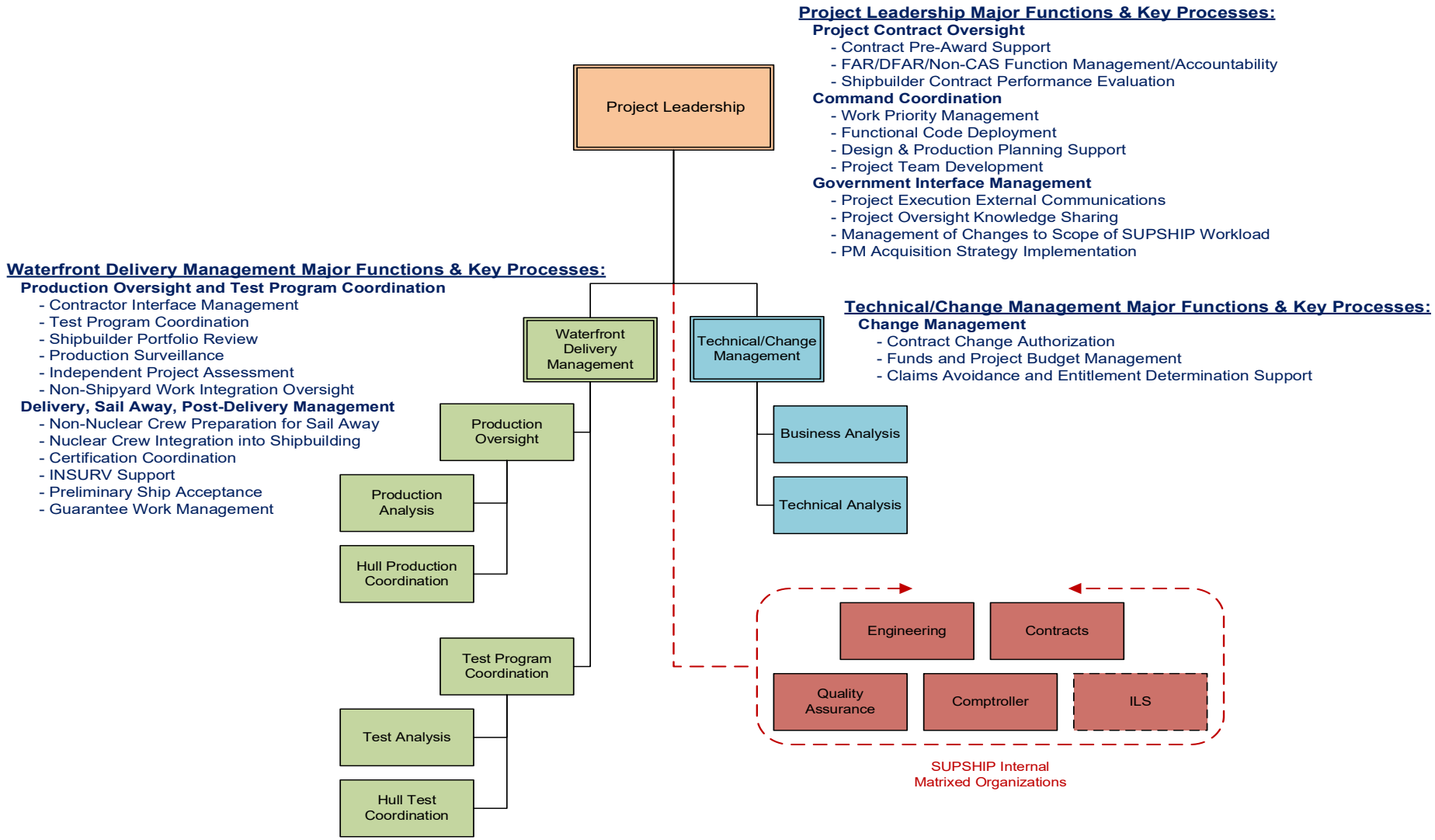
The project office is in effect a “business center” within the SUPSHIP that is led by an assigned project officer. The multi-functional project team members provide their unique professional knowledge, skills and abilities to assess the technical completeness of the specifications and in observing the contractor’s technical compliance with the terms and conditions of the contract. The project team may be called upon during the planning phase and pre-award processes to work closely with the Procuring Contracting Officer (PCO) for pre-contract award actions. Following award, the project team will support the Administrative Contracting Officer (ACO) with assigned contract administration in accordance with the mission of the SUPSHIP. Additionally, the project office is accountable for onsite program administration and management in accordance with agreements between the Supervisor and the PM.

The organizational structure needed to manage the diversity of projects assigned to SUPSHIP project offices is dependent on various external and internal factors. The particular makeup of these factors for any particular project will influence the configuration of the organization.

External factors, such as acquisition strategies, shipbuilding and/or ship repair contract structures and the awarded contractor’s historical performance and organizational structure, are some of the key factors that must be considered when developing the project management team. Project leadership must also consider the skill set available within the SUPSHIP’s key functional organizations, including engineering (C200), quality assurance (C300) and contracting (C400). The proficiency, experience and quantity of managers and employees within these functional codes will determine if project office personnel are needed to supplement their operations.

For these reasons, and because of the innate differences among aircraft carrier, submarine and surface ship project oversight, the commonality among project offices is more appropriately described by the functions performed rather than the organizational structure. Figure 5-1 depicts this functional organization. The subsequent sections will further describe project leadership (sec. 5.2) and project office major functions and key processes (sec. 5.3).

Figure 5-1: Project Office Functional Organization



5.2.2 Project Leadership

Project leadership, usually an operations officer, PMR/project officer, deputy program manager (DPMR)/project office representative and project director/deputy, is responsible for overall organizational structure and performance. Direct reports below this level are responsible for production and test oversight, ship delivery/post delivery and contract change management. Department heads and the project officer jointly develop the manning requirements for the project office, and it is incumbent on project leadership to align the project team organizational structure with the contractor's organization and the requirements of the acquisition strategy. This may include a matrix organization supported by other SUPSHIP functions and other government activities.

5.2.2.1 Operations Officer (Code 102/150)

The operations officer position may be titled as the deputy for operations or waterfront operations manager.

The operations officer is the senior management official responsible for the day-to-day operations of the SUPSHIP project offices. The position is responsible for cross-program coordination and project issue resolution for all shipbuilding and ship repair projects under the purview of the SUPSHIP.

The operations officer responsibilities extend across all projects/contracts administered by the SUPSHIP. Responsibilities and duties include:

- Provide professional leadership and administrative support to the project offices
- Establish program objectives and long-range plans to ensure effective and efficient execution of government project management oversight responsibilities
- Develop project management strategies, goals and objectives consistent with NAVSEA Headquarters, PEO strategic business plans and in collaboration with the contractors
- Optimize the use of financial and personnel resources in meeting project management oversight responsibilities, including developing, maintaining, assessing, and continuously improving common project management oversight strategies, processes, procedures, and practices across all product lines under the oversight purview of the SUPSHIP
- Advise the Supervisor and Executive Director on project management oversight actions and responsibilities
- Serve as the command's focal point for establishing common project management oversight processes across the SUPSHIP community

5.2.2.2 Program Manager Representative (PMR)/Project Officer

The PMR/ project officer serves as the onsite manager for the PM and leads the SUPSHIP project office for that program. In accordance with reference (b), NAVSEAINST 5400.60A, Onsite Program Manager Representatives (PMR), the PMR reports directly to the PM and administratively to the Supervisor. The PMR's responsibilities may extend to overseeing and advising the PM on the progress of off-site contracts related to the assigned ship construction projects. Typical duties and responsibilities of the PMR include:

- Serve as the primary SUPSHIP point of contact for program matters, which may include participation in advanced procurement actions and the management of pre-construction/pre-award requirements tasked to the SUPSHIP.
- Oversee the performance of the project office.
- Maintain familiarity with the requirements of the contract and assist the ACO in determining contractor compliance with the terms and conditions of the contract.
- Maintain liaison and coordinate actions with the PM, SUPSHIP departments, Fleet customers, pre-commissioning crew/ship's force, and contractor.
- Coordinate emerging requirements for planning, scheduling and estimating work associated with contractor proposals, engineering change proposals (ECPs), preparation of Technical Advisory Reports (TARs), and resolution of design and specification issues, including supporting the requirements of the Chief Engineer in complying with the responsibilities as a Technical Warrant Holder.
- Schedule and coordinate SUPSHIP and contractor participation in meetings and conferences, including program status reviews and production and technical review meetings.
- Evaluate work progress versus contractor's Earned Value Management System (EVMS) to identify and take actions to prevent or minimize adverse impact on cost, quality, schedule, and performance of the contract. Focus SUPSHIP and contractor management attention to resolve these problems.
- Assist the ACO in monitoring the contractor's performance and accuracy of EVMS data for the assigned project.
- Direct the preparation of reports on current status of assigned contracts.
- Support the Total Ship Test Program (TSTP), preparations and execution of trials and the Board of Inspection and Survey (INSURV) inspections, and the transitioning of the ship from construction to the active fleet.

- Coordinate preparation of the Material Inspection and Receiving Report (DD Form 250) with the contractor for accepting delivery of the ship, including the listing of all outstanding incomplete work.

- Make recommendations to the ACO and PM on the value of the incomplete work to aid in determining appropriate funds retention against the contract.

5.2.2.3 Deputy PMR (DPMR)/Project Director

The deputy PMR/project director is assigned by the Supervisor and reports to the PMR/project officer, acting in that capacity when the principle is absent. The DPMR provides continuity in the project office over the life of the construction effort and interfaces with other SUPSHIP departments to obtain the necessary staff support and other resources required to meet project office responsibilities.

5.2.2.4 Nuclear Support and Management Team

Specific codes within SUPSHIP Groton and SUPSHIP Newport News are responsible for implementing and/or providing nuclear oversight requirements during private sector construction and repair/overhaul of submarines and aircraft carriers in accordance with the following references:

- NAVSEAINST C9210.22(series), Requirements for Security and Safety of Nuclear Reactor Plants and Special Nuclear Material, reference (c)

- NAVSEAINST 9210.10C**, Requirements for Accountability and Transfer of Special Nuclear Material Used in Connection with Naval Nuclear Propulsion Plants, reference (d)

- NAVSEA 389-0288, Radiological Controls, reference (e)

- OPNAVINST N3040.5E, Procedures and Reporting Requirements for Nuclear Reactor and Radiological Accidents, reference (f)

- NAVSEA S9211-05-MMA-000, Radiological Emergency Planning Manual for the Naval Nuclear Propulsion Program, reference (g)

- NAVSEA Standard Item 009-72, Accomplish Physical Security at Private Contractor's Facility, reference (h)

5.2.2.5 Reserve Integration Team

When a reserve unit is assigned to a SUPSHIP, the Reserve Integration Team, led by the reserve unit commanding officer, reports to the Supervisor and serves the project office. The Reserve Integration Team assists the project office in fulfilling SUPSHIP responsibilities and requirements in support of waterfront operations and project management for new construction and CNO assigned modernization and refit availabilities.

Reserve Integration Officers may serve in a variety of positions to supplement the staff support required to meet the project office responsibilities. Under extreme workload conditions and atypical assignment circumstances, Reserve Integration Officers may backfill vacant active duty billets for up to one year.

5.2.3 Waterfront Delivery Management

The Waterfront Delivery Team is responsible for:

- Interfacing with contractor
- Monitoring contractor's production processes and progress
- Managing the twelve Waterfront Delivery processes shown in Figure 5-1

Typically, there are SUPSHIP personnel with specific production trade skill experience assigned to this team who interface with the production workforce on the "deck plates" in assessing compliance with contract specifications and actual work progress. Personnel who are interfacing directly with the production effort provide their expertise to identify specific non-compliant performance and ensure effective corrective action is taken to achieve successful program execution.

5.2.4 Technical/Change Management

The Technical/Change Management Team interfaces with the contractor's and internal SUPSHIP engineering and contracts processes. The team manages the three key processes for Technical/Change Management shown in Figure 5-1. Typically, they are SUPSHIP personnel with specific contracts and engineering/technician experience assigned to this team who interface with the contractor's contracts and engineering departments and support the associated SUPSHIP departments in these efforts. Assignments focus support in the primary areas of business analysis and technical analysis.

5.3 Major Functions and Key Processes

In order to establish a common basis for the Navy to exert influence in the construction, conversion and repair of ships, SUPSHIP project offices execute 26 key processes. These key processes can be grouped into six functional areas that are linked to Service Level Agreements executed between the PEO/PM and the individual SUPSHIP.

Table 5 - 1: Major Project Office Functions and Key Processes

MAJOR FUNCTIONS	OWNERSHIP Primary – P Secondary – S	KEY PROCESSES (SUPSHIP Operations Manual)
Project Contract Oversight	S	Contract Pre-award Support (Request for Proposal (RFP), Justification and Approval (J&A), proposal evaluation, pre-award survey) [5.3.1.1]
	S	FAR/DFAR/Non-CAS Function Management/Accountability (FAR matrix line items, project management oversight, contract procurement support) [5.3.1.2]
	P	Shipbuilder Contract Performance Evaluation (award/incentive fee, CPARS) [5.3.1.3]
Command Coordination	P	Work Priority Management [5.3.2.1]
	P	Functional Code Deployment (specific issues on specific projects) [5.3.2.2]
	S	Design & Production Planning Support [5.3.2.3]
	P	Project Team Development [5.3.2.4]
Government Interface Management	P	Project Execution External Communications [5.3.3.1]
	P	Project Oversight Knowledge Sharing (across SUPSHIP community for common programs) [5.3.3.2]
	P	Management of Changes to the Scope of SUPSHIP Workload [5.3.3.3]
	S	PM Acquisition Strategy Implementation [5.3.3.4]
Change Management	S	Claims Avoidance & Entitlement Determination Support [5.3.4.1]
	S	Contract Change Authorization [5.3.4.2]
	S	Funds and Project Budget Management [5.3.4.3]
Production Oversight and Test Program Coordination	P	Contractor Interface Management [5.3.5.1]
	P	Test Program Coordination [5.3.5.2]
	P	Shipbuilder Portfolio Review [5.3.5.3]
	P	Production Surveillance [5.3.5.4]

	P	Independent Project Assessment [5.3.5.5]
	P	Non-Shipyard Work Integration Oversight [5.3.5.6]
Delivery, Sail Away, Post Delivery Management	**P**	Non-Nuclear Crew Preparation for Sail Away [5.3.6.1]
	P	Nuclear Crew Integration into Shipbuilding [5.3.6.2]
	P	Certification Coordination [5.3.6.3]
	P	INSURV Support [5.3.6.4]
	P/S	Preliminary Ship Acceptance [5.3.6.5]
	P	Guarantee Work Management [5.3.6.6]

5.3.1 Project Contract Oversight

Project offices are an integral part of SUPSHIP contract administration, providing support in three principle areas:

- Contract pre-award support to the PCO and the PEO/PM in the development of the initial contract with the shipbuilder
- Performance of specific oversight as required by reference (i), Federal Acquisition Regulation (FAR Part 42), reference (j), Defense Acquisition Regulation Supplement (DFARS Part 242), and similar non-CAS functions
- Evaluation, determination and documentation of contractor performance for individual contract award fee and incentive fee determinations, as well as input into the Department of Defense Business Transformation Agency (BTA) Contractor Performance Assessment Reporting System (CPARS)

5.3.1.1 Contract Pre-Award Support Process

Process Ownership: The project offices provide support to this overall process that is the responsibility of the PCO and the PEO/PM.

Responsibility: Make recommendations to the Government Program Office Acquisition Plan and to the PCO for development of the government negotiating position.

Products and Services: Provide shipbuilding experience and subject matter expertise to the NAVSEA Contracting Office, PEO/PM and Type Commanders (TYCOM) in the development of the program Acquisition Plan (AP), the J&A, pre-award survey, the RFP, the associated TAR, and Source Selection Board participation in support of contract award.

The SUPSHIP project office should proactively offer support to the PEO/PM in development of the contracting strategy as documented in the program Acquisition Plan, RFP and RFP

evaluation. This is usually accomplished by reviewing and commenting on these documents, but can expand to providing full-time, onsite support based on the needs and experience of program office personnel.

The PM and the NAVSEA 02 PCO utilize both government and contractor personnel from various organizations for developing the acquisition strategy and documents that will be utilized for a ship or submarine acquisition program. SUPSHIP personnel are often tasked to participate in this phase of the acquisition process that may include assisting in the development of specifications and a contract solicitation package. The solicitation package is approved by the PCO prior to NAVSEA advertising the RFP at Beta.Sam.Gov and/or NECO.navy.mil websites. The PCO receives the contractors' proposal packages and, after determining those that are responsible, presents them to a pre-determined group of subject matter experts who comprise a Source Selection Board that may include SUPSHIP personnel. The PCO provides explicit direction to the board on the process and criteria that is to be used to evaluate the merits of each contractor's package. The board concludes its action by making a recommendation as to the contractor who has presented a responsible offer that represents the "best value" for the government. SUPSHIPs' participation in a pre-award process presents an excellent opportunity for the Supervisor and staff to commence planning for the potential for an award to their respective contractors, including establishment of the project management team or changes to existing project offices.

The bid or proposal evaluation phase may be followed by the PCO conducting a pre-award survey or contractor review in concert with the SUPSHIP who has plant cognizance over the potential contractor. SUPSHIP personnel have the best information concerning the capabilities and past performance of the contractor along with information in the CPARS. Following the pre-award survey and prior to contract award, the PCO may require the contractor to specify in writing what corrective action has been taken that will preclude reoccurrence of deficient areas that have been noted in the past or to present documentation for proposed resolutions for deficiencies that were discovered in the pre-award survey. There is general guidance available from NAVSEA 02 on the processes that will be used during the performance of a pre-award survey. Contract award is made once the PCO has determined that the potential contractor's bid or offer is fair and reasonable, that the necessary capabilities and manpower are readily available to execute the contract, and when DCAA has concluded that the company is financially viable. Upon award, the PCO provides a letter of delegation that specifies the authority and responsibility of the SUPSHIP Chief of the Contracting Office (CCO) and the assigned ACO for the contract. The letter of delegation is used by the ACO, Project Officer/PMR and project office personnel in performing their Contract Administration Service (CAS) functions, both onsite and off-site. Refer to Chapter 3, "Contracting and Contract Administration," for a more detailed discussion of this process.

5.3.1.2 FAR/DFARS/Non-CAS Function Management/Accountability Support Process

Process Ownership: The project offices provide support to this overall process that is the responsibility of the SUPSHIP ACO.

Responsibility: Ensure the contractor complies with FAR/DFARS and associated non-CAS requirements assigned to the project offices.

Products and Services: Provide shipbuilding experience and subject matter expertise to the SUPSHIP ACO.

In the 1990's, several significant studies were conducted to determine the best arrangement for providing contractual oversight of shipbuilding, specifically focused on whether or not the SUPSHIP community should be brought under the umbrella of the Defense Contract Management Agency (DCMA). These studies focused on the CAS and unique non-CAS functions provided by SUPSHIP, including the program management aspects of shipbuilding, conversions and repair. These studies concluded that SUPSHIPs should remain under NAVSEA leadership rather than DCMA and recognized the unique contract administration services provided by the project offices. Appendix 5-A provides a matrix of the FAR/DFAR responsibilities assigned to the project office.

5.3.1.3 Shipbuilder Contract Performance Evaluation Support Process

Process Ownership: The project offices typically act as the command focal point and coordinate this overall process that is the ultimate responsibility of the ACO.

Responsibility: Provide inputs to Award Fee Boards, individual contract incentive fee determinations, and CPARS evaluations.

Products and Services: Provide detailed recommendations to the ACO for award/incentive fee and contractor performance ratings.

5.3.1.3.1 Award/Incentive Evaluation Boards

Contracts often include award fees and/or incentive fees to incentivize the contractor to achieve cost, schedule or other performance goals. The fee structure for these incentives is established by the PCO during pre-award negotiations. Incentivized contracts provide significant leverage to the government in obtaining desired contractor performance and provide a strong signal to the contractor when observed performance or behavior is not meeting the government's expectation. Incentive-type contracts are addressed further in Chapter 3, "Contracting and Contract Administration."

Incentive Evaluation Board (IEB) members are designated by the PM and Supervisor. Typically, the PM or Supervisor chairs the IEB. The Fee Determining Official is normally a designated NAVSEA representative who considers the board's recommendations and makes the final determination as to the percentage (0 – 100%) of the fee pool that is justified to be awarded based on the contractor's performance.

Project office leadership has the responsibility to facilitate the selection of SUPSHIP testifiers and for developing the means by which the testifiers will present their assessments to the IEB. The contract defines the categories and overall criteria for assessments. Project office personnel will work closely with their PM counterparts in establishing a joint process to conduct the IEB using the defined categories and criteria.

5.3.1.3.2 Contractor Performance Assessment Reporting System (CPARS)

FAR 42.15 requires evaluation of contractor performance for contracts of specified values. Reference (k), the Department of Navy CPARS Guide, and the GSA Contractor Performance Assessment Reporting System (CPARS) website, provide guidance and ensure that contractor performance data is current and available for use in source selections throughout DoD. CPARS assesses contractor's performance and provides a record of both positive and negative performance on a particular contract. Contracts will be evaluated using CPARS on an annual basis, or more frequently, as required by the terms of the specific contract.

The NAVSEA PM and SUPSHIP project office are typically assigned as the command focal points for collecting feedback of contractor performance input into CPARS. Assignment of reporting for specific contracts within CPARS is negotiated between the PEO/PM and the SUPSHIP project office based on the activity that has the best knowledge of the contractor's performance and the applicable up-line reporting responsibilities. When SUPSHIP is assigned the CPARS reporting responsibilities, the project officer is typically assigned as the Assessing Official and the ACO is assigned as the Reviewing Official. Details of these specific duties are provided in the CPARS guides.

When assigned as the Assessing Official, the project officer should identify supporting representatives as necessary to provide a comprehensive and complete evaluation process as noted in the CPARS guides. Past Performance Information (PPI) Surveys should be utilized from other departments and commands as appropriate. At no time may support contractors contribute to CPARS development in the form of ratings and comments. Performance evaluations are typically submitted by the following personnel:

- Ship Coordinator
- Project Manager/Production Controller
- Cognizant Contract Specialist
- Cognizant Quality Assurance Specialist
- Cognizant Project Engineer
- Ship's force (commanding officer or designated availability coordinator)

The Assessing Official should work closely with the contractor's representative to ensure access to the CPARS and to ensure timely turnaround of inputs. Additionally, the Assessing Official may have to assist the Reviewing Official in the resolution of disagreements presented by the contractor's representative's input in order to finalize the individual contract rating determination.

5.3.2 Command Coordination

Command Coordination is a key role of the project offices with regard to execution of the SUPSHIP's contract administration responsibilities. The project offices are responsible for coordination of cross-program and cross-departmental actions necessary to support shipbuilding/ship repair program execution at the private shipyard. This responsibility is achieved by providing coordination support in four principle areas:

- Assisting in the prioritization of work supporting project execution within a specific SUPSHIP department

- Communicating key upcoming project milestones, key events and project issues requiring the attention of the SUPSHIP
- Coordinating government and contractor efforts in support of design and production planning
- Developing effective project teams

The weekly Project Briefing for SUPSHIP senior managers by the PMR (or assigned representative) is a proven process for achieving effective Command Coordination. These briefings should include key elements of each project in order to gain a consensus among senior managers of the project status and health.

5.3.2.1 Work Priority Management

Process Ownership: The project office is responsible for coordinating the prioritization process within SUPSHIP to ensure day-to-day operations between the government and contractor are effectively interfaced for each project.

Responsibility: Integrate and communicate various Government Program Office/TYCOM priorities into a clear picture to both internal SUPSHIP departments and to the shipbuilder.

Products and Services: Provide prioritization adjudication services for multiple projects within the command.

Each project team shall be responsible for influencing work priorities for their project, including priorities of both the government stakeholders and the shipbuilder. These priorities shall then be clearly communicated to external stakeholders and within SUPSHIP.

Where project priorities conflict, the project officer or operations officer shall participate in assessing relative priorities among projects and communicating and managing these priorities with external stakeholders, SUPSHIP departments and the shipbuilder. There shall be sufficient systems in place for both the SUPSHIP and the shipbuilder to provide visibility of requirements for planning and engineering documents, resources, material, and facilities.

5.3.2.2 Functional Code Deployment

Process Ownership: The project office is responsible for coordinating the prioritization process, within the individual SUPSHIP Command, to ensure day-to-day operations between the government and contractor are effectively interfaced internal to each project.

Responsibility: Ensure appropriate data flow between codes (schedules, agendas, etc.) to ensure project priorities are being supported and functional code expertise is engaged at the right time.

Products and Services: Coordinate providing program schedule of major events, milestones, mini-plans, weekly staff briefings, weekly program briefing critical paths, and individual program priorities.

The project team will have processes in place to communicate key issues and priorities across the SUPSHIP departments. These processes may be accomplished via formal/informal meetings and communications.

5.3.2.3 Design & Production Planning Support

Process Ownership: The project office is responsible for coordinating the internal processes supporting the design and planning efforts to ensure effective interface between the government and contractor.

Responsibility: Ensure points of contact (POCs) for all departments are established and incorporated into program developmental activities and program planning processes. Proactively insert SUPSHIP personnel into the upfront efforts.

Products and Services: Provide shipbuilding experience and subject matter expertise to NAVSEA, PEO/PM and TYCOM in order to incorporate lessons learned and avoid pitfalls.

SUPSHIP's accountability and responsibilities for the administration of the assigned contract commences when the PCO provides the letter of delegation to the Chief of the Contracting Office (CCO). At this point the PCO and the CCO should have established policies and working relationships that will be in effect for the duration of the contract performance period unless written notice is provided otherwise. The PCO will also specify the authority and responsibility that will remain with the PCO relative to contract administration. For example, the PCO will retain authority in many cases for exercising specific options, increasing quantities of deliverables, authorizing overtime above a specified threshold, etc. In addition to the PCO and CCO/ACO working relationships, the SUPSHIP assigned project management team and the ACO team must develop a clear understanding of the terms and conditions of the contract and establish a "playbook" based on the guidance that is provided by the CCO and PM. It is highly recommended that all SUPSHIP project management team personnel become intimately familiar with the contents of the SUPSHIP Operations Manual (SOM) as it relates to, not only their individual functions on the waterfront, but also to understanding the functions performed by the SUPSHIP CAS organization and the non-CAS functions that provide support for the SUPSHIP mission. SOM Chapter 3, Contracting and Contract Administration, is an excellent place to start this study.

There is tremendous activity in this initial phase following award. The SUPSHIP team should have been properly engaged in the advanced planning during the pre-award period to allow for the transition into a fully functioning and responsive project office in an organized manner and in a reasonable period of time. Concurrently, the contractor will commence preparing engineering products, detailed production planning and mobilization of the workforce and required resources necessary to execute the terms and conditions of the contract. Critical during this early period in the life of the contract is the requirement that key SUPSHIP personnel, i.e., project office personnel and those supporting CAS functions, be fully engaged with their counterparts in the contractor's organization so that effective ground rules are established as early as possible. This early communication and interface significantly increase the potential for a successful project. However, in this relationship, all SUPSHIP personnel should be familiar with the contents of SOM Chapter 2, Standards of Conduct and

Fraud, Waste, and Abuse, concerning conduct when exercising the responsibilities of their government position.

In design/build contracts, there are two primary events occurring simultaneously and immediately after award and start of fabrication.

- Design: The contractor's design division's naval architects and engineers, that may include a support subcontractor, develop the engineering products.
    - The ship design personnel utilize specialized design and engineering software to support computer modeling, engineering analysis, finite element analysis, developing projected weight reports, preparing schematics, providing detailed drawings, developing lofting packages, identifying Long Lead Time Material (LLTM) requirements, developing Material Requirements Listings (MRL's), etc. The contractor's management team will typically develop an Integrated Master Schedule (IMS) for design product delivery and fabrication that supports overall program funding requirements. The design products are reviewed as early as possible by the production planning team and shop personnel to help develop the production processes and shop floor practices and construction plans for erecting the ship.
    - SUPSHIP project office and assigned naval architects and engineering personnel are integral to this process. They participate on Integrated Process Teams (IPTs) including System Integration Teams (SITs), Major Area Teams (MATs) and Major Area Integration Teams (MAITs). In addition, they review the contractor's engineering products and drawings and assess the contractor's compliance with the contract's technical and performance specifications. In this capacity, the SUPSHIP engineers and architects support the responsibilities of the SUPSHIP Chief Engineer as the Technical Warrant Holder who works with the NAVSEA assigned Ship Design Managers (SDM) for each design and construction program. SOM Chapter 8, Waterfront Engineering and Technical Authority, provides amplifying information.
    - The project office is responsible for the management and coordination of government furnished information (GFI) delivery to meet the shipbuilder's IMS.
- Production Planning and Mobilization:
    - The contractor's production departments, associated shop trades and material division will begin advanced planning for "start of construction". Examples include:
        - Working with the engineers in the design division to integrate produce-ability recommendations to improve the production

processes for various components of the ship on the shop floor and building ways.

- Preparing process control procedures where required.
- Assessing opportunities for applying the principles of LEAN and Six Sigma in the early phases of this planning process and integrating this into improved shop floor practices.
- Reviewing drawings as they are provided by design to the planners in the production trade shops to facilitate shop floor planning and mobilization of the required resources.
- Commencing LLTM procurement and purchasing material such as steel, aluminum, shapes, etc., that will be required to be properly stowed and available in the yard to support production schedules and work flow processes.
- Jointly developing Schedule A Government Furnished Material (GFM) delivery schedule and coordination of material delivery.
- Monitoring the GFM and CFM reports to identify and help mitigate late material delivery dates. Some of this function may be provided by NFLC, but the project office is still responsible and should have a tracking process in place.
- Finalizing subcontracts for support services or fabrication of designated components.
- Conducting Integrated Baseline Review (IBR) of the Performance Measurement Baseline (PMB), normally six (6) months after contract award, and reviewing detailed shop production schedules for all projects that require in-shop and field support, interfacing the production resource requirements and conflict analysis related to all projects, and presenting work planning alternatives for meeting production schedule requirements.
- Commencing fabrication of manufacturing aids, such as jigs, fixtures, modeling, etc., in preparation for full-scale production.
- Preparing lifting and handling equipment to meet production requirements.
- Preparing the panel line and support resources.

- The SUPSHIP project team should be a participant in this early planning phase as it is the prerequisite for sustaining the production work flow.

Initial Production. While the design effort continues, the production work commences and runs concurrently. Construction materials are received, inspected, stored, and staged to support the production trades. Fabrication of special hull structure components may commence in advance of the official construction start date depending on the shipyard workload and the delivery schedule for design products and their availability to the trades. The SUPSHIP naval architects and engineers will monitor the design while production controllers begin observing the start of production. ”Start of Construction” is an event within the shipyard that signals the official date from which the production schedule should be evaluated. It normally consists of a ceremony in which a dignitary designated by the shipbuilder cuts the first steel plate that will be used in construction. The early phases of fabrication include manufacture of special assemblies, plates and shapes that will become components of the hull as erection continues following the keel laying. The level of this effort accelerates as production products become available.

5.3.2.4 Project Team Development

Process Ownership: Project offices shall be responsible for the process of developing project teams. Individual skill development for team members shall be the responsibility of their parent code.

Responsibility: Ensure proper resources and training is in place so that capable personnel exist for all taskings and personnel are able to accept new roles of increasing complexity.

Products and Services: The two components of project team development are:

SUPSHIP Core Project Team Development Plans

SUPSHIP core project teams normally consist of SUPSHIP employees who represent the government to the contractor for both new construction and overhaul of ships. While members of the team are expected to bring their functional skill sets to the team, their fundamental purpose is to provide leadership for the project at hand. Therefore, in addition to their functional skill sets, the SUPSHIP Core Team members should have a basic knowledge of project management fundamentals such as project scheduling (including critical path analysis and theory of constraints (TOC)), earned value management and resource allocation.

Integrated Project Team Development Plans

Integrated project teams normally include the SUPSHIP Core Team, the contractor team and where applicable, ship’s force. Integrated Project Team development normally includes an initial training session where the team establishes its mission, vision and values. While these are normally considered soft skills, they are important for establishing a framework for the team to understand what is important to them, both as individuals and as a team. For

example, effective project teams operate with a sense of trust, openness and integrity which is defined through the mission, Vision and Values discussion and builds over time.

Early in the project startup phase, consideration should be given to holding specific Integrated Project Team Development (IPTD) training for both the SUPSHIP and contractor team members. These sessions are routinely held in aircraft carrier and submarine maintenance communities and have been highly successful. The course content should be specific to the project at hand and should include topics such as the schedule, scheduling tools and methodology, resource planning and execution, earned value management strategy, change management, work control and testing, etc. While there is not a “one size fits all” approach, the learning objectives, target audience and what has worked on previous projects must be considered. IPTD training should include all stakeholders, not just the Core Team. It may be beneficial to hold several levels of the training, for example, starting with the Core Teams for both the SUPSHIP and shipbuilder in the first session and then expanding the audience with the growth of the project team.

5.3.3 Government Interface Management

Government Interface Management is critical to ensure alignment of the government offices that have direct contact with the shipbuilder and continuous improvement of processes. This function includes the following processes:

- Project Execution External Communications
- Project Oversight Knowledge Sharing
- Management of Changes to the Scope of the SUPSHIP Workload
- PM Acquisition Strategy Implementation

5.3.3.1 Project Execution External Communications

Process Ownership: The project office is responsible for managing the communications between the project office and outside Government activities.

Responsibility: Assure effective communication processes and practices exist and are utilized by the government team to maintain alignment with regard to project execution issues.

Products and Services: Communications plans, strategies, reports, etc.

SUPSHIP project offices should develop a program communication plan that meets the needs of the PM and other government activities. Project communications include the processes required to ensure timely and appropriate generation, collection, distribution, storage, retrieval, and disposition of project information. Effective communication ensures all stakeholders have the information they need to support the shipbuilding and repair processes.

Appendix 5-B provides information for developing a communications plan, including a basic development methodology, a table listing various types of communications involving the project office, and a Word template to facilitate the writing of a communications plan. Chapter 10 of reference (l), the Guide to the Project Management Body of Knowledge (PMBOK), also contains useful information and a methodology for developing a communications plan.

5.3.3.2 Project Oversight Knowledge Sharing

Process Ownership: The operations officer and the senior project management leadership are responsible for supporting project oversight knowledge sharing.

Responsibility: SUPSHIP operations officers and PMRs may establish procedures for sharing lessons learned among SUPSHIPs overseeing common ship construction programs.

Products and Services: Documentation of lessons learned through formal “hot wash” reviews as well as informal collection efforts.

Knowledge sharing provides the opportunity for members of a knowledge community, in this case project management oversight, to share knowledge, best practices, lessons learned, and challenges across the SUPSHIP community. This may take the form of face-to-face meetings, phone conferences and sharing of e-mails and documentation.

NAVSEA 04Z is functionally aligned with the SUPSHIP departments and participates in forums that lend themselves to sharing policy, lessons learned, best practices, and issues in shipbuilding. Active participation by each SUPSHIP will ensure successful knowledge sharing and continuously improve project management oversight processes. This effort supplements the longstanding knowledge sharing activities supporting Carrier Team One and Submarine Team One.

5.3.3.3 Management of Changes to the Scope of SUPSHIP Workload

Process Ownership: The project office provides the information necessary to determine and manage the reimbursable work accepted from a PM. The SUPSHIP Comptroller is responsible for certifying funds and determining the acceptability of the reimbursable basis.

Responsibility: The project office is responsible for managing all project-related taskings from the PM, including work accepted on a reimbursable basis.

Products and Services: As tasked by the project sponsor and accepted by the SUPSHIP.

Program Managers are the most common source of requests for non-mission work. These requests must be scrutinized by both the project office and the comptroller to ensure the work is legitimate, non-mission work. In the past, failure to do this has resulted in audit findings that work performed on a reimbursable basis was actually SUPSHIP mission work. This resulted in an Anti-Deficiency Act violation (see SOM 4.3.1) and necessitated identifying expired O&M, N funds to cover work that had been performed with Ship Construction, Navy (SCN) funds.

The SUPSHIP Task Funding Decision Tree (Figure 4-1) was developed to assist SUPSHIPs in determining whether a customer-requested task is mission or non-mission work. The decision tree leads to this determination by asking a series of questions regarding the nature of the tasking. NAVSEA 04Z1 should be consulted in resolving any tasking that is not clearly addressed by the decision tree.

After determining that the tasking is non-mission work, SUPSHIPs must also ensure that personnel resources will be available to perform the work prior to accepting the tasking. It is important to note that SUPSHIPs are under no obligation to accept reimbursable work, but it is often advantageous to do so since it may help fill a low point in SUPSHIP workload and mitigate manning reductions. Hiring additional full-time personnel to perform reimbursable work, however, can exacerbate SUPSHIP manning and O&M, N funding problems when that reimbursable work comes to an end and funding is no longer available to retain the personnel hired.

Once accepted, project-related reimbursable work becomes the responsibility of the project office. These responsibilities involve ensuring that the work is performed in accordance with the work request, that reimbursable funding remains adequate to support the task, and that customer funds are used only to fund work that is outside the scope of the SUPSHIP mission.

5.3.3.4 PM Acquisition Strategy Implementation

Process Ownership: The PMR is responsible for supporting the implementation of the PM's acquisition strategy at the SUPSHIP.

Responsibility: Participate in internal and external PM working group efforts to refine and improve PM acquisition strategies.

Products and Services: Documentation of strategies and plans are provided in a timely manner.

The acquisition strategy describes the PM's management approach that will be used to achieve program goals of cost, schedule and performance. Each acquisition strategy includes a program structure, the purpose of which is to identify, in a top-level schedule, the major program elements such as program milestone decision points, acquisition phases, test phases, contract awards, and delivery phases. It also summarizes plans for assessing and mitigating program risk. It will define the relationship between the acquisition phases and work efforts and key program events such as decision points, reviews, contract awards, test activities, production lot/delivery quantities, and operational deployment objectives. The Acquisition Strategy should include a Top-Level Integrated Schedule and a summary of highlights from the Integrated Master Plan and Integrated Master Schedule.

Each SUPSHIP project office should be familiar with its project's Acquisition Strategy and take actions within its span of control to support it. Oversight of the contractor will vary depending on contract type and robustness of the shipbuilder.

5.3.4 Change Management

Project offices are an integral part of SUPSHIP contract administration. They provide support in three principle areas:

- Claims avoidance and entitlement determinations in support of contractor Notifications of Change (NOC), Requests for Equitable Adjustments (REA) and claims that may result in subsequent mediation or litigation
- Contract change authorization
- Funds management in support of PEO/PM or TYCOM

5.3.4.1 Claims Avoidance and Entitlement Determination Support Process

Process Ownership: The project offices provide support to this overall process that is the responsibility of the PCO and the PEO/PM.

Responsibility: Track and resolve issues, particularly government responsible issues that have the potential to cause delay and result in a claim, and if a request for contract adjustment is made by the contractor, assist the PCO/ACO in making the entitlement decision and assist the PM in resolution of the budget impacts resulting from the entitlement determination.

Products and Services: Document all aspects of contract execution in order to have a sufficient history to defend the government from a potential claim or insurable event.

5.3.4.1.1 Documenting Significant Events/Claims Avoidance by the Project Office

NMCARS 5233.90 and NCH** 33.90 require that SUPSHIP personnel involved in contract administration maintain a record of significant events in order to provide a means for verifying, quantifying or refuting matters related to a contractor claim (see section SOM 3.13.4.1.1). This documentation is required for all contracts either in excess of $5 million or for which a claim is expected. The significant events records may include correspondence, meeting minutes, labor records, material purchase orders, project schedules, schedule updates, productivity data, and project monitoring information or any other information that will form the basis for asserting or rebutting a claim.

The contracting officer will specify to the project management team the requirements for maintaining a "Significant Events" file. All government personnel involved in the performance of a contract should maintain a real time record of significant events that occur during the contract period. Significant events are personal observations of conditions or actions by or to any party to the contract which may affect the performance of the contract. Having this "Significant Events" file and related documentation allows the government to support or refute claims, terminations of contracts, settlements, and determinations, or to provide evidence for litigation, investigations, or award and incentive fee determinations.

They also include written records of deficiencies in work progress and accomplishment. Specific detailed methods for determination of delay are included in Appendix 5-C.

5.3.4.1.2 Entitlement Determination

Typically, when a contractor makes a determination of potentially being contractually harmed, he will submit a NOC letter or REA proposal to the ACO in accordance with the provisions of the specific contract. The ACO will typically request a recommendation from the project office, based on detailed facts of the government's position, in order to develop a timely response to the contractor. The project office will have to work closely with the ACO and legal counsel in order to finalize the government position as part of the technical analysis of the contractor's allegations.

The project office should develop the government position based on the documentation required in section 5.3.4.1.1, and all other materials available to the office, in order to develop a fair and comprehensive recommendation to the ACO.

5.3.4.2 Contract Change Authorization

Process Ownership: The project office provides support to the ACO.

Responsibility: Develop and facilitate contract change authorizations. This may include, but is not limited to, development of a statement of work, pre-award work scoping, contract bid technical evaluations, contractor work coordination and oversight, and work completion certification.

Products and Services: Correct, timely and executable statements of work for authorized changes.

5.3.4.2.1 Statement of Work

The project officer/PMR must work closely with the program office, as well as the shipbuilder, to develop clear, concise and executable Statements of Work (SOW) to accomplish desired changes to contracts, based on direction from a headquarters or local Configuration Control Board (CCB) including: Headquarters Modification Request (HMR), Specification Change Proposal (SCP), Field Modification Request (FMR), ECP, or other contract orders.

5.3.4.2.2 Headquarters Modification Request (HMR)/Specification Change Proposal (SCP)

Following approval by the program office's CCB, the Configuration Manager will draft an HMR or Specification Change Proposal (SCP) for implementation of a contract change that affects the basic ship specifications.

5.3.4.2.3 Field Modification Request (FMR)

FMRs are locally generated contract changes that do not affect ship specifications, form, fit, or function of the subject component or system. They are issued directly by the local project office and may be controlled by a local SUPSHIP Change Control Board Process (SCCB).

5.3.4.2.4 Local Change Management

The accounting, control and monitoring of changes (ECPs, Waivers and Deviations) are the essence of configuration management by SUPSHIP and the PM as outlined in reference (m), NAVSEAINST 4130.12B, Configuration Management (CM) Policy and Guidance. Unnecessary changes put contract completion within allocated funding at risk. The establishment of effective local procedures, the training of personnel to carry out the procedures, and effective supervision will result in the approval of only necessary and beneficial changes based on full knowledge of the impact of the changes on cost and delivery schedule and timely implementation of such changes. An adequate monitoring system will provide the Supervisor and PM with visibility regarding all ECPs, HMRs and FMRs, including those returned to NAVSEA Headquarters for cancellation or for incorporation in the specifications of follow-on procurements.

Additionally, SUPSHIPs have in place contract vehicles which have ordering provisions (i.e., Basic Ordering Agreements (BOAs), Nuclear Support Agreements, etc.). These vehicles require effective local procedures, training of personnel to carry out the procedures, and effective supervision.

5.3.4.2.5 Controlling Changes

One effective means of controlling ECPs, HMRs and FMRs is to limit approval and disapproval authority to personnel specifically authorized, in writing, to exercise such authority. A parallel requirement is to process all SUPSHIP and contractor-initiated ECPs through an optional SCCB.

The Supervisor is authorized to delegate authority in writing to specified personnel in an activity, as required, to perform the following functions:

- ECP approval authority
- FMR approval authority
- Authority of chairman and members of the SCCB

SUPSHIP will establish local procedures to implement the requirements for management of engineering issues, taking into consideration the responsibilities and authority of the SUPSHIP Chief Engineer as the command's Technical Warrant Holder. SUPSHIP will limit the exercise of authority by persons to whom the above delegations are made to ensure that assigned duties and responsibilities are commensurate with capabilities.

5.3.4.2.6 Monitoring Changes

Previously required Change Proposal Log and Status Record are being replaced by NAVSEA implementation of electronic systems including: Technical Support Management (TSM), Enterprise Resource Planning (ERP) and Standard Procurement System (SPS).

5.3.4.2.7 Maintaining Government Estimates Current

An obligation is established at the time the FMR or HMR is implemented by means of a contract modification. The obligation for unpriced changes is generally the estimate established for the change prior to the forwarding of the HMR or FMR to the ACO. The administrative control of appropriations requires that the obligation be maintained current. Therefore, the estimate upon which the obligation is based must be reviewed, and the initial estimate provided to the ACO with the HMR or FMR must be as accurate as feasible at that time.

The following reviews of government estimates of cost and delivery impact are to be made prior to the issuance of unpriced contract modifications to implement approved HMRs or FMRs:

a. HMRs: After reviews and prior to forwarding the HMR to the ACO for implementation.

b. ECPs requiring level III authorization: By the SCCB prior to transmission to the PM.

c. ECPs requiring level IV authorization: By the analyzer prior to consideration by the SCCB and by the SCCB prior to recommending approval to the SUPSHIP ECP approval authority. These authorities are to perform a general review of the estimates prior to approval.

d. Contract modifications: As part of the processing of HMRs and FMRs, the negotiator assigned to the case is to ascertain whether historical data indicates a need for revision of the estimates.

Estimates may be modified as the result of the above reviews by:

- FMR approval authority
- SUPSHIP ECP approval authority
- Chairman of the SCCB

5.3.4.2.8 Local Instructions and Procedures for Control, Monitoring and Management of Changes

SUPSHIP will promulgate procedures and instructions to carry out the requirements for the control, monitoring and management of changes.

Subsequent to the promulgation of local procedures and instructions, the operations officer/PMR should conduct reviews to ensure that they are being carried out by all SUPSHIP personnel.

Detail information supporting configuration management of changes is provided in Appendix 5-D.

5.3.4.3 Funds and Project Budget Management

Process Ownership: The project offices provide support to this overall process that is the responsibility of the PM for budget management and ACO.

Responsibility: Ensuring sufficient funds are provided to SUPSHIP and monitoring funds provided for effective contract execution.

Products and Services: Coordinate tracking of accepted and obligated funds with the command comptroller, make projections of future needs for funds and resolve expiring fund issues, and coordinate with the funds providers (PM/PEO and Fleet) to ensure timely support to the budget process and specific congressional reporting requirements, i.e., the Nunn-McCurdy Act.

5.3.4.3.1 Financial Management

The project officer/PMR must work closely with the comptroller/financial management personnel and the ACO in tracking the status of project funding. SOM Chapter 4, “Financial Management,” provides detailed information on this function within the SUPSHIP. As stated in Chapter 3, “Contracting and Contract Administration,” only the ACO can obligate the government, and personnel on the waterfront are at risk for being party to a *constructive change*. A constructive change occurs whenever the government, through its action or lack of required action, causes the contractor to depart from the agreed to plan or perform other than as specified in the contract. During the performance period of the contract, the project team must exercise great care to minimize the impact of constructive changes that may result in an unfunded liability to the government.

5.3.4.3.2 Congressional Restrictions Including Nunn-McCurdy Act

Congress may impose program-specific requirements in either an annual authorization or appropriation act, which requires specific actions by the PEO, Secretary of the Navy or Secretary of Defense. Such items have in the past included “Cost Caps” that restrict the expenditure of funds beyond certain limitations. Compliance with these requirements requires coordination between SUPSHIP and the program office.

It is important for SUPSHIP personnel to recognize that significant cost overruns may result in a breach of reference (n), 10 USC 2433, Unit Cost Reports (Nunn-McCurdy Act). This law imposes quarterly Unit Cost Reporting (UCR) requirements on program managers for major defense acquisition programs (MDAPs) and requires congressional notification when a program exceeds specific thresholds. UCR assesses costs based on Program Acquisition Unit Cost (PAUC) and the Average Procurement Unit Cost (APUC), as described by the following equations:

$$\text{PAUC} = \frac{\text{Total cost for development, procurement, and program-specific military construction}}{\text{Number of end items to be produced}}$$

$$APUC = \frac{\text{Total funds for procurement}}{\text{Number of end items to be procured}}$$

Two thresholds have been established, one for Significant Cost Growth and one for Critical Cost Growth. If the PAUC or APUC exceeds either of these thresholds, a breach of the Nunn-McCurdy Act has occurred.

Significant Cost Growth

(i) at least 15% over the PAUC or APUC for the program as shown in the current Baseline Estimate.

- or -

(ii) at least 30% over the PAUC or APUC for the program as shown in the original Baseline Estimate.

Critical Cost Growth

(i) at least 25% over the PAUC or APUC for the program as shown in the current Baseline Estimate.

- or -

(ii) at least 50% over the PAUC or APUC for the program as shown in the original Baseline Estimate.

If either threshold is exceeded, the service Secretary is required to notify Congress. If the Critical Cost Growth threshold is exceeded, the service Secretary is required to conduct an assessment of the projected cost of completing the program and must certify that the program is essential to national security.

Although UCR is a PM responsibility, the SUPSHIP PMR must monitor EVMS data and advise the PM if a potential breach of Nunn-McCurdy requirements is indicated.

5.3.4.3.3 Budget Inputs

The project office is responsible for working with the PM to establish budgets for future contract changes. By working closely with the PM, sufficient funding should be available for the SUPSHIP in advance of the actual needs date, thus ensuring a continuous flow of contract authorization and avoiding program execution delay or disruption.

5.3.4.3.4 Funds Execution

The project office should coordinate with the ACO and comptroller to ensure funds are properly committed and obligated. Additionally, the PMR should work with the ACO and

comptroller to identify funds for recapture by the PM as early as possible in the fiscal year in order to allow for re-use in support of other program objectives.

5.3.5 Production Oversight and Test Program Coordination

Personnel within the project office are responsible for keeping abreast of assigned hull construction and testing progress and for influencing the contractor to perform his contractual responsibilities. They do so by accomplishing the following critical processes:

- Contractor Interface Management. Effectively communicating with the contractor is a key part of successful project management.
- Test Program Coordination. Facilitating the processes for test procedure maintenance, conduct and reporting, including conduct of sea trials.
- Production Surveillance. Providing status of progress to project schedules.
- Independent Project Assessment. Conducting analysis of project performance and assessing project risk.
- Portfolio review. Conducting special analysis to review the shipbuilder's enterprise to ensure resources are available to successfully attain the project schedule.
- Non-Shipyard Work Integration. Facilitating government-procured outside entities that are contracted to conduct work within the contractor's facility.

5.3.5.1 Contractor Interface Management

Process Ownership: The project office is responsible for coordinating the processes supporting the communication and effective interface between the Government and shipbuilder. (See SOM 3.7.5 for a discussion of contract involvement).

Responsibility: Participate in and/or initiate verbal or written communications to represent/resolve government concerns or ensure alignment of requirements and expectations.

Products and Services: Maintain a unified Government voice. Maintain clear, continuous and consistent lines of communications at all levels with the shipbuilder, including regular meetings, telcons, e-mails, reports, communications, managed solutions, etc.

Effective communications with the shipbuilder are a cornerstone of successful program management oversight. It is the responsibility of the project office to develop a communications strategy that addresses how and when this communication will take place.

It is understood that informal methods are often the best way to address issues and their use should be maximized. However, it is also important to plan and implement a formal communications plan to ensure all of the stakeholders, including suppliers, are aligned with regards to program goals, accomplishments and issues. Appendix 5-B provides information

for developing a communications plan, including a basic development methodology, a table listing various types of communications involving the project office, and a Word template to facilitate the writing of a communications plan.

5.3.5.2 Test Program Coordination

Process Ownership: The project office is responsible for the processes that communicate the status and issues associated with the test program and preparations for the conduct of INSURV and sea trials to the PM and other associated activities.

Responsibility: Assure that the test program is coordinated in accordance with the contract requirements and all associated technical requirements.

Products and Services: Test Program Coordination includes all of the tasks associated with test program oversight that are not the responsibility of the applicable Technical Authority. The appropriate Technical Authority, most often the SUPSHIP CHENG at private shipbuilder facilities, is responsible for the technical content within individual test procedures, the technical adjudication of test problems, and acceptance of completed testing.

Major project office functions include:

a. Coordinating and maintaining an accurate status and priorities for the review and approval of Test Procedures (TPs), Test Change Proposals (TCPs), Test Problem Reports (TPRs), Final Test Reports (FTRs), and test conduct witnessing.

b. Coordinating, and often conducting, milestone readiness assessments, whether they are required within the shipbuilding contract or not. The project office has responsibility for evaluation and assessment of key criteria prior to concurring with the shipbuilder for conduct of critical test events, such as fuel on-load and dock and sea trials.

c. Maintaining external test program status reporting responsibilities, including written and verbal communication of all test program components. Items include test procedure development status, test procedure accomplishments/issues, test witnessing accomplishment/issues, and test completion status for all tests defined in the contractors and/or government's test index.

d. Coordinating sea trial preparations and related responsibilities, to include establishing and accomplishing the sea trials agenda, conducting milestone readiness assessments and presentations, conducting INSURV briefs, and satisfying INSURV requirements, including those listed on the INSURV Governing Instructions web page.

Test support services include ancillary actions needed to ensure the test program is successful. Items such as Government Furnished Property (GFP) test equipment, test jig procurement, maintenance, and pier-side/sea trial support are examples of the services provided as part of the test coordination function.

5.3.5.3 Shipbuilder Portfolio Review

Process Ownership: Project office personnel are responsible for accomplishing this task and for providing cross-program impacts to the appropriate PEOs and PMs.

Responsibility: Know the status of the shipbuilder's schedule execution and resources for all programs, including commercial work.

Products and Services: Establish sufficient awareness and level of detailed knowledge to initiate timely corrective actions with the shipbuilder.

Individual shipbuilding programs are analyzed by each program's respective SUPSHIP project office as defined above. However, at the contractor's site, overall success is governed by the proper management of cost, schedule and quality challenges across the shipbuilder's entire enterprise. This includes balancing these requirements among all projects (shipbuilding and or other industrial endeavors) under contract at their facilities.

SUPSHIP personnel, as part of their overall assessment review process, will develop cross-contract assessments as needed in order to assist their respective PEO and Program Offices in evaluating the fidelity of the contractor's IMS. The intent of these reviews is to ensure the contractor has balanced the needs of all shipbuilding and industrial projects at its facility, ensuring each project's schedule and resource demands can be met in keeping with the best interest and best value for the Navy.

In those cases where there is a Teaming Agreement among multiple shipbuilders, the SUPSHIP that has oversight of the prime contractor should take the lead in conducting the review for the associated PEO.

It should be noted that this task can only be accomplished for contracts in which SUPSHIP is the designated DoD contract administrator as specified in the Contract Administration Services Directory (CASD).

5.3.5.4 Production Surveillance

Process Ownership: The project office is responsible for the processes that collect and communicate the status and issues associated with ship construction progress, facilitate program issue resolution and process emergent change authorization.

Responsibility: Conduct construction oversight activities.

Products and Services: Design and construction status reports, project cost and schedule analysis, emergent change authorizations, problem/issue resolution, and work progressing.

Production surveillance includes all of the tasks conducted by project office personnel that enable the PMR and ACO to understand and communicate the detailed construction status of ships under their purview. This information is used for reporting status to the PM/PEO, NAVSEA 04Z/04/00 and other government agencies, as well as to assist the ACO in

approving contractor invoice payments. Production process facilitation includes those actions accomplished by project office personnel to help expedite the construction process.

The major functions include production progress reporting, independent work progressing, problem resolution, and COTR-related responsibilities as described below:

a. Progress reporting entails daily monitoring of the shipbuilder's construction activities, schedule adherence, milestone accomplishment, and may include daily, weekly, monthly and/or quarterly reporting of these activities. Reports will vary from informal verbal communications to formal award and incentive fee testimony. When required, SUPSHIP project offices will provide weekly reports to their PEO customers, monthly reports to NAVSEA 04Z, and quarterly reports in support of formal program office quarterly reviews. Section 5.3.5.5 that follows provides more detailed information on progress analysis and reporting, including detailed instructions regarding content and format of a standard new construction weekly report.

In situations where the contract does not require an EVMS, or where the validity of the contractor's EVMS is in question, other forms of progressing may be utilized. Appendix 5-E provides general guidelines for methods of independent work progressing.

b. Facilitating the accomplishment of ship construction and delivery includes day-to-day interaction with numerous contractor and government activities. The project office will act as the central point of contact for issue resolution, especially when the resolution requires coordination with and/or between government agencies. Examples of these agencies include certification agencies, Government Furnished Equipment (GFE) providers, SUPSHIP divisions (engineering, quality assurance, etc.), ship's force, and the PEO/program office.

c. Project office personnel are responsible for obtaining approvals and implementing most changes to ship construction contracts. This responsibility is codified for large changes in the change management process explained in section 5.3.4.2. Emergent minor government changes (e.g., certification team items) will be authorized, within time and material limits established by the ACO, only by project office personnel designated as a Contracting Officer's Representative (COR) via a formal letter issued by the ACO.

5.3.5.5 Independent Project Assessment

Process Ownership: The project office is responsible for providing project performance assessments.

Responsibility: Evaluate data and metrics to develop independent government assessment of project performance.

Products and Services: Periodic analysis and communication within SUPSHIP and to NAVSEA, PEO/PM and/or TYCOM.

5.3.5.5.1 Analysis

In addition to reporting project status, project office personnel are responsible for providing analysis of the probability of the shipbuilding project's success. The analysis of contractor-provided cost, schedule and quality data, and other data independently gathered by the government, is used to provide a prognosis of program health at the shipyard.

Analysis techniques conducted by project office personnel, either independently or in conjunction with other SUPSHIP departments, fall into three main categories; cost performance, schedule performance and milestone readiness assessments.

Cost and schedule performance analyses are conducted by Earned Value (EV) analysts in conjunction with production and test personnel within the project office. These assessments are accomplished using the IMS baseline loaded within the contractor's earned value system. The EV analysts compare cost and schedule "actuals to plan" and develop projections based on the shipbuilder's performance. Project office personnel are responsible for providing information to assist the EV analysts in developing reasons and explanations for any performance outliers. A joint assessment is then made and reported to project office customers.

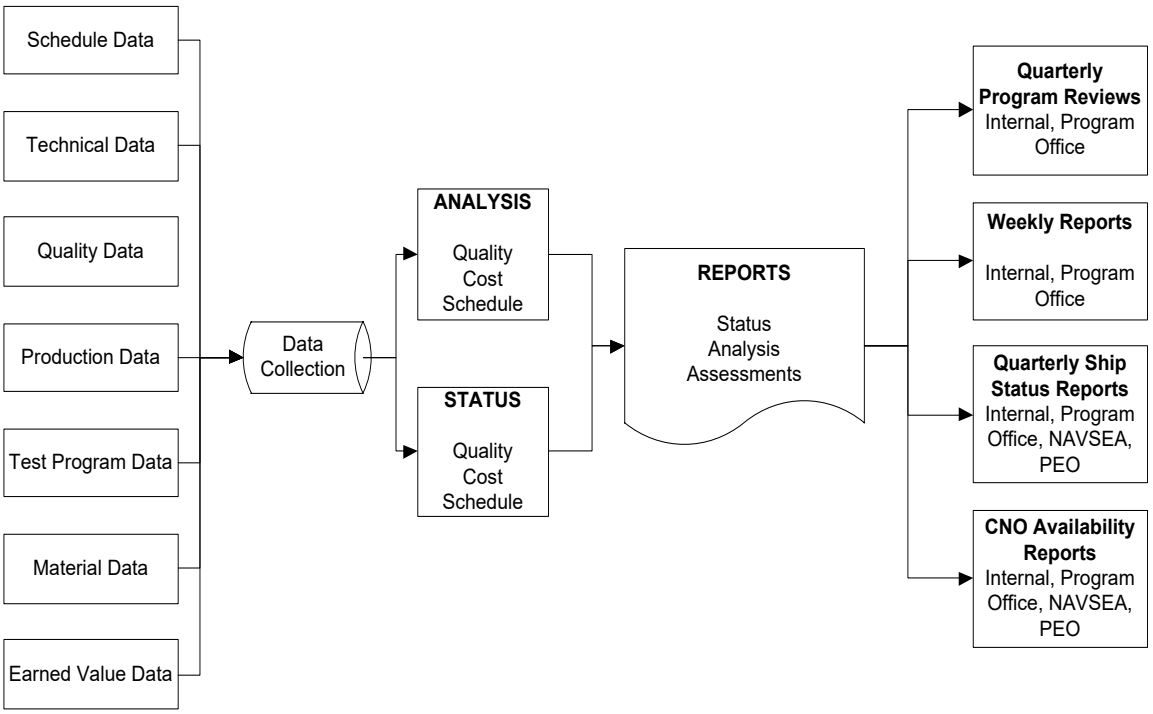
Milestone readiness assessments encompass the remaining bulk of the analysis conducted by project office personnel. These assessments are accomplished in order to support contractually required evaluations, provide real time information to internal and external customers, or to support program office requests. The methods used to conduct these assessments vary based on the milestone being evaluated. Most often, production-related information, such as work order/bill conduct/throughput, material installation (e.g., pipe spools, cable, ventilation, major equipment, etc.), compartment completion, and test program status, are used to determine the likelihood of milestone accomplishment success. Past performance data is another key indicator used to establish a contractor's ability to complete the work in accordance with published schedules. The quality of these assessments is generally determined by the experience of the personnel conducting the assessment and the availability of the required contractor data. It is assumed that access to needed data will be made available within the shipbuilding contract. It is the responsibility of project office personnel to communicate with their program office counterparts any data requirement access shortfalls.

5.3.5.5.2 Reporting

Project reporting is driven by many internal and external variables. Items such as program maturity, program stability, contract type, contract requirements, design and/or production phase, program office organizational structure, and acquisition strategy all play into the type and/or frequency of reports that are requested of project office personnel. Project offices will support these requests using the available resources as prescribed by the SUPSHIP Workforce Forecasting Tool (SWFT) manning model.

SUPSHIPs provide status reports as prescribed by higher authority, i.e., OPNAV, fleet commanders, COMNAVSEA, PEOs/PMs, and NAVSEA 04. These reports will often combine both status information and risk assessments. A typical high level view of this process is shown below:

Figure 5-2: Sample Status Report Process



5.3.5.5.2.1 Weekly Report

Appendix 5-F provides a representative sample SUPSHIP project office new construction weekly report. Detailed instructions are provided below.

Page One of the project office standard new construction report will include four sections reporting ship class items of interest to the project and program offices. The first section will contain project areas of concern which may be production, technical or contractual issues of interest to the PM. The second and third sections will contain the recently completed events and upcoming events of interest to the project or program offices, including milestones, visits and other important project dates. The fourth section will include critical actions awaiting resolution which may be directed to internal or external stakeholders.

Page Two of the project office standard report will be hull-specific and repeated for each hull of the class currently under construction. The upper left of the page will include the Navy hull designation and important project office personnel associated with the hull.

The upper right of the page will include a "stoplight" display of hull schedule, cost, quality, and an optional metric determined by the project office. The schedule stoplight color will be red for a Schedule Performance Index (SPI) less than 0.90, yellow for an SPI between 0.90 and 0.95, green for an SPI between 0.95 and 1.05, and blue for an SPI greater than 1.05. The criteria for cost stoplight colors are the same as the schedule stoplight, substituting CPI for SPI. The quality stoplight color will be determined by the project office based on input provided by the SUPSHIP Quality Assurance officer. Trends for hull cost, schedule and quality will be indicated by arrows on the stoplights. The page will also contain tables on the left side depicting staffing levels, progress metrics and other construction phase-driven metrics deemed necessary by the project office. Hull milestones, key events and construction timelines (example shown above) will also be included on this page.

Page Three will be a quad-chart containing three hull-specific, phase-driven charts displaying design, production, test, or other information deemed useful by the project office, and a chart depicting quality metrics, such as Corrective Action Request (CAR) status, Continuous Quality Improvement (CQI) status or trial card closures.

Page Four will display the most recent EVMS monthly report for each hull under construction. The example above includes the required charts to be displayed on the page, with an additional section to include assessment from the Earned Value analyst and project office personnel.

The remaining pages of the report will include program, project, class, or hull data, reports, or analysis necessary to communicate the current status of ship production, design, test, or quality.

5.3.5.5.2.2 Monthly CNO Availability Reports

SUPSHIPs assigned as the Naval Supervising Activity (NSA) for CNO availabilities are required to provide monthly reports per reference (o), NAVSEAINST 4710.8B Chg 1 **, Cost and Performance Reporting for CNO Scheduled Ship Maintenance Availabilities.

5.3.5.5.2.3 Quarterly Program Review (QPR)

QPR format and content will conform to the individual program office's needs as agreed to by the PM and Supervisor.

5.3.5.5.2.4 Quarterly Ship Status Reports

If required, this report format and content will conform to instructions provided by NAVSEA 04Z.

5.3.5.6 Non-Shipyard Work Integration Oversight

Process Ownership: The project office has overall responsibility for non-shipyard work integration oversight. The project office is supported by SUPSHIP Quality Assurance (QA) and other delegated government representatives who provide oversight of Alteration Installation Team (AIT) quality management plans and signs off on work completion documentation.

Responsibility: Interface with government sponsors, AIT/Customer Contracted Teams (CCTs), Participating Acquisition Resource Managers (PARMs), and other representatives to provide good communications and facilitate resolution of issues.

Products and Services: Progress status, coordinate access requests, production service support requests, liaison between AIT/CCTs/PARM, other representatives and shipbuilder to enforce schedule adherence.

Reference (p), NAVSEA Technical Specification 9090-310G, Alterations to Ships Accomplished by Alteration Installation Teams, describes the processes used by AITs to accomplish work. During the planning phase prior to the start of the availability, the project office will track progress of work package development and communicate business rules, the overall availability schedule and other relevant information to each AIT/CCT/PARM to ensure proper planning is accomplished. A detailed Plan of Action and Milestones (POAM) or Memorandum of Agreement (MOA), along with all support service requirements, will be collected from each AIT/CCT and provided to the shipbuilder for incorporation in the Integrated Master Schedule. At the time of the installation teams' arrival at the shipyard, all pre-work planning and design will have been accomplished. It is the task of the project office to act as the liaison between the AITs and the shipbuilder's production planning and construction personnel and ship's force work control team. These tasks include AIT check-in, pre-briefs, in-briefs, Installation Coordinator communication, work accomplishment verification including workmanship and quality verification, timely resolution of all condition reports generated by an AIT, out briefs, and final task completion reporting.

5.3.6 Delivery/Sail Away/Post Delivery Management

Project offices are responsible for ensuring that vessels are ready for INSURV Trials, and with the support of the Contracts Department, are required to make the vessel ready for delivery (preliminary acceptance) pending completion of any INSURV required actions. An integral part of preparing for both INSURV and delivery is the coordination of necessary certifications either to make the vessel safe for INSURV Trials or are necessary for the crew to sail the vessel to its homeport.

- Non-Nuclear Crew Preparations for Sail Away: Non-nuclear crews have a significantly reduced role in the shipbuilding process than their nuclear counterparts. The project office role is to ensure that the crew is ready toto accept operation of the vessel and to pass at minimum the three certifications required for Sail Away (Force Protection, Light-Off Assessment (LOA) and Crew Certification).

- Nuclear Crew Integration into Shipbuilding: The Pre-Commissioning Unit (PCU) role for nuclear vessels is a substantial one in that the crew takes acceptance of compartments and is responsible for the operation of equipment prior to Delivery. Furthermore, trials are conducted by members of the PCU, not the shipbuilder. Due to the magnitude and broad scope for which the PCU has responsibility, careful coordination among the project office, PCU and the shipbuilder is required.

- Certification Coordination: The project office has the primary responsibility to manage the certification process. Doing this effectively requires close coordination with the PM to capture all required certifications, whether part of the shipbuilding contract or not.

- INSURV Support: Preparation for INSURV Trials is the last major milestone prior to delivery and whose successful completion is a prerequisite for Delivery. The project office's primary responsibilities are to ascertain that the vessel is ready for conduct of INSURV Trials and to sign off on the vessel being safe for sea.

- Delivery: Successful conduct of INSURV Trials and correction of starred cards is a prerequisite for Delivery. During the period between Trials and Delivery, the project office is to ensure the necessary outfitting of the vessel, correction of open liens and to verify the items on contractor-produced Material Inspection and Receiving Report (DD250). The DD250 lists all open shipbuilder liens.

- Guarantee Work Management: Following preliminary acceptance (Delivery) most contracts specify a period for which the shipbuilder has responsibility to correct deficiencies documented via Guarantee 2-Kilo's (4790/2K), typically a year or less in duration. The project office is responsible to ensure the crew establishes a Guarantee Engineer as well as an efficient process to document and forward 2-Kilos to the shipbuilder.

5.3.6.1 Non-Nuclear Crew Preparation for Sail Away

Process Ownership: The project office is responsible for coordinating the processes supporting the preparation of the PCU to move aboard the ship and leave the builder's shipyard.

Responsibility: Coordinate support requirements for PRECOMUNIT standup. Prepare crew for space turnover/load-out, crew certification assist (with dedicated LOA assist), habitability inspection, etc. Resolve any and all issues. Prepare crew for guarantee responsibilities. Authorize work if needed.

Products and Services: Crew preparations for Sail Away, schedules, technical support, funding, and communications support.

Project office processes should be in place to assist the crew to both physically move aboard the ship and to assist them in successfully transitioning into a fully trained and certified entity capable of taking the ship to sea. This transition, which formally takes place at the Crew

Move Aboard (CMA) milestone, requires significant planning and interface between project office personnel and ship's force.

Crew Move Aboard

The physical move portion of this transition includes turnover of ship compartments and systems to the ship's crew, successful conduct of a habitability inspection, ship's material load-outs, and those tasks required to move ship's crew from temporary offices and housing to their ship. Compartment and system turnover processes differ for each class of ship due to the individual contract, ship completion status and ship complexity, but all will entail steps that include an inspection, compiling deficiencies and resolving those deficiencies. Coordination of the habitability inspection, which is required by reference (q), OPNAVINST 4700.8K, is accomplished jointly by the crew, project office and the contractor. Again, steps within the process include an inspection, identifying deficiencies and deficiency resolution. The load-out of materials/tools, etc. is accomplished by NFLC personnel and the ship's crew. Project office personnel are responsible for ensuring the schedule for this event supports the needs of all parties (NFLC, ship's crew and the shipbuilder). The project office and the contractor are jointly responsible for ensuring that the crew understands the requirements and rules of the individual shipbuilder with regard to habitation within the industrial facility.

Training and Certification Support

Once the crew moves aboard, its focus is on implementing ship management directives and preparing to take operational control of the ship from the shipyard. Project office personnel are responsible for attending ship's meetings and facilitating problem resolution, which includes crew certification support (e.g., LOA), shipbuilder deficiency resolution and government work authorization.

5.3.6.2 Nuclear Crew Integration into Shipbuilding

Process Ownership: The project office is responsible for this overall process which ensures that the PCU supports the shipbuilder's construction and testing key events.

Responsibility: Ensure the crew has the facilities and training to conduct daily operations in the shipyard prior to "in service." Prepare crew for taking over operational control (OPCON) responsibilities of ship systems and spaces, test program operations, deficiency identification and resolution processes, contract administration responsibilities/limitations, organizational interface, and responsibilities with the shipyard. Ensure the crew is prepared for key events, such as Habitability and Salvage inspections, sea trials and acceptance trials.

Products and Services: Project-specific information, training, and qualification materials for crew use in achieving necessary level of knowledge.

The SUPSHIP project office will proactively support the PCU crew upon arrival by providing PCU crew indoctrination to the shipyard and the acquisition environment. SUPSHIP will provide documents, Memorandum of Understanding (MOU)/MOA's, lessons learned, and

other support to allow the crew to conduct a successful period from initial manning through the trials period.

During the initial manning period, SUPSHIP will schedule and assign action responsibility for crew indoctrination briefings, turnover of crew facilities and shipyard safety and security.

SUPSHIP will host a PCU training period. Topics to be covered may include: Key Event Certification, Operational Control, Crew Move Aboard, SF/shipbuilder integration plan, Launch to Delivery timeline, PCU funding issues, LAN migration, and Anti-Terrorism/Force Protection (AT/FP) requirements.

SUPSHIP is responsible for ensuring ship's force training requirements and drills are incorporated into the shipbuilder's construction schedule. It has been proven that a sound continuing training program will assist the ship in meeting construction and operational commitments.

SUPSHIP is responsible for ensuring ship's force action items (Preventive Maintenance System (PMS) requirements, technical manuals revision, etc.) support the shipbuilder's test programs and trials.

SUPSHIP is responsible for ensuring the appropriate time durations between key events and crew certifications are adhered to, allowing appropriate time for training and drills, e.g., Post Overhaul Reactor Safeguard Examination (PORSE), Reactor Safeguard Examination (RSE), Crew Certification Phase I and Phase II, etc.

As a ship nears completion of construction, operational control of compartment and systems or portions of a system will be shifted to ship's force on a schedule mutually agreed to by the shipbuilder, SUPSHIP and ship's force. Prior to each OPCON, ship's force and SUPSHIP will conduct a joint inspection of the space or system and present findings to the shipbuilder. After OPCON, a Ship's Force Deficiency Item (SFDI) document is used by ship's force to report deficiencies in systems to the contractor. SUPSHIP will provide training on the system and its use, as well as track items and adjudicate all items between the shipbuilder and the crew.

In accordance with the reference (r), Joint Fleet Maintenance Manual (JFMM) Volume 1, New Construction, a habitability inspection will be conducted two to four months prior to "in service." SUPSHIP will provide support to the PCU for the habitability inspection period from recommending dates of inspection, providing support during the inspection and adjudicating deficiencies between the shipbuilder and the crew. This inspection will support the "in service" date where SUPSHIP will turnover custody of the fuel to the ship.

In accordance with the JFMM, a salvage inspection will be conducted on submarines at least 28 days prior to the scheduled commencement of sea trials. SUPSHIP will provide support to the PCU for the salvage inspection period providing support during the inspection and adjudicating deficiencies between the shipbuilder and the crew.

SUPSHIP ensures that appropriate crew support is provided to support the shipbuilder's meetings, construction, outfitting, testing, and inspections to support construction and sea trials.

SUPSHIP is responsible for ensuring that major key events and milestones are accomplished on time to support ship construction and delivery. SUPSHIP is also responsible for ensuring ship's force understands and supports the shipbuilder's prerequisite list and checklist for launch, initial criticality and non-critical steaming, and certification for fast cruise and all follow-on sea trials.

For submarines, SUPSHIP will assign a delivery team member to be on the ship's safety council working with the crew-assigned ship safety council member and the shipbuilder to ensure all requirements of reference (s), NAVSEA 0905-485-6010, Manual for the Control of Testing and Ship Conditions, are met. The council will provide specific requirements for the control of work and testing that could affect ship's conditions, especially high-risk evolutions as described by the manual.

SUPSHIP will assign team members to the various joint test groups under their cognizance. SUPSHIP will be a voting team member, providing insight and technical guidance to the crew on test procedures to ensure a mutual understanding of the procedure requirements, identifying the effect the test could have on ship conditions and ensuring that tests can be performed safely. Additionally, SUPSHIP will provide the technical review and approval of completed test procedures and provide information relative to the status of the test program.

SUPSHIP is responsible for ensuring the ship takes the appropriate actions to present the vessel to the Board of Inspection and Survey (INSURV) for the final acceptable trials and Guarantee Material Inspections.

5.3.6.2.1 Nuclear Plant Key Events

The project office is responsible for tracking the various nuclear plant key events and assisting the ship's force or PCU in support of achieving these key events.

The project office will ensure the crew has the facilities and training to conduct daily operations in the shipyard prior to placing the ship "in service," to include: prepare crew for OPCON responsibilities, test program evolutions, deficiency identification and resolution processes, contract administration responsibilities/limitations, organizational interface and responsibilities with the shipbuilder. The project office will also ensure the crew is prepared for nuclear key events, such as Initial Fill, Core Load, Steaming, Hot Operations, Initial Criticality and Power Range Testing leading up to "in service" classification of the ship. Additionally, the project office will support ship's force/PCU with certification inspections to achieve these key events.

As a ship nears nuclear plant key events, operational control of agreed upon compartments and systems or portions of a system will be shifted to ship's force on a schedule mutually agreed to by the shipbuilder, SUPSHIP and ship's force. Prior to each OPCON, ship's force, assisted by SUPSHIP, will conduct an inspection of the space or system and present

findings to the shipbuilder. After OPCON, a Ship's Force Deficiency Item is used by ship's force to report deficiencies in systems to the contractor. SUPSHIP will provide training on the system and its use, as well as track items and adjudicate all items between the shipbuilder and the crew.

The SUPSHIP project office will provide sufficient time for crew training during the building period to permit ship's force the ability to attain a state of training adequate to ensure proper operation and safety of the ship and its personnel during nuclear plant key events.

The SUPSHIP will request approval for initial critical operation of a newly installed core from the Director, Naval Nuclear Propulsion (NAVSEA 08)

will recommend to the accepting authority dates for placing the ship "in service" and assist the Supervisor in the transfer of custody and responsibility of nuclear material to the Prospective Commanding Officer (PCO) at "In Service".

5.3.6.3 Certification Coordination

Process Ownership: The project offices provide the lead for all activities required for certification of ships, with support provided by other SUPSHIP departments (200, 300, 400, and 500).

Responsibility: Coordinate completion of necessary certifications to support the project schedule. Properly adjudicate all deficiencies. Compile all necessary certification documentation. Ensure visibility of certification status is maintained and communicated.

Products and Services: Facilitate coordination status of certifications by ship, including certification dates, completions and discrepancy details. In conjunction with the PM, the project office develops a comprehensive matrix of all certifications required by vessel with expected dates certifications are needed. Included with each certification are primary and alternate organizational leads.

Ship certification coordination refers to those certifications contractually implemented and defined within the applicable NAVSEA certification manuals (e.g., NAVSEA S9040-AA-GTP-010/SSCR; Submarine Availability Completion Program Manual (SACM), regulatory body certificates, etc.). Tasks include shipbuilder/certification team schedule coordination, deficiency capture and screening, deficiency resolution, and final certification document management.

5.3.6.4 INSURV Support

Process Ownership: The project offices are the SUPSHIP lead, with support from other departments (200, 300, 400, and 500), and the PCU for nuclear vessels to ensure readiness and prerequisites necessary for INSURV Trials.

Responsibility: Make recommendation to the Supervisor and PM that the vessel meets INSURV prerequisites and is safe for sea. In that evaluation, identify discrepancies and defects and present them to the PM for the INSURV brief. When INSURV arrives for trials,

open construction liabilities (i.e., trial cards, CARs, etc.) are presented for review by category,

Products and Services: Preparing new construction or overhaul ships for evaluation by the Board of INSURV is a primary mission of the project office. OPNAVINST 4700.8K delineates multiple requirements for the presentation of a new construction, non-nuclear, ship for Acceptance Trials. Reference (t), OPNAVINST N9080.3G, Procedures for Test and Trials of Navy Nuclear Powered Ships Under Construction, Modernization, Conversion, Refueling and Overhaul, delineates multiple requirements for the presentation of a new construction nuclear ship for Acceptance Trials.

Prior to trials for non-nuclear ships, the Supervisor is responsible for evaluating the ship's readiness for sea and proposing dates for the conduct of trials. A proposed schedule of events for conduct of the trial should be provided to the INSURV Board for review and approval at least 30 days in advance of trials.

Prior to any trial, the Supervisor should convene and chair a Trial Readiness Review Panel to ensure all necessary actions are complete or on track for completion. This includes reviewing a detailed status of each INSURV category, Certifications, Tests, Compartment Completion, and other categories as required. This brief is to be kept updated and will provide the basis for SUPSHIP input to the Program Manager's Readiness Brief to INSURV.

If the program requires a Builders Trials (BT), the Supervisor conducts a mock INSURV. During BT, the trial's Schedule of Events (SOE) is executed and deficiencies are documented.

SUPSHIP shall also arrange and coordinate with the INSURV Board services required for hull and combat system demonstrations and provide for coordination of these services.

For Final Contract Trial (FCT), an electronic copy of the ship's Consolidated Ships Maintenance Plan (CSMP) shall be provided to the Board five days prior to the inspection (download from OMMS-NG/SNAP in "up-line report" format and forwarded to the Board recorder via email). Additionally, one copy of the ship's CSMP separated by work center shall be provided to the Board upon arrival.

During Acceptance Trials (AT) or Combined/Super Trials (CT), ensure satisfactory presentation of the ship to the Board. The authority operating the ship shall be responsible for the supervision and operation of all machinery and equipment and for the safety of the ship, equipage and personnel embarked.

Following trials, the Supervisor is responsible to chair the card disposition conference. To support delivery of the ship, OPNAVINST 4700.8K requires resolution or a waiver from the Chief of Naval Operations for Starred Cards.

5.3.6.5 Preliminary Ship Acceptance

Process Ownership: The project office has the SUPSHIP lead for coordinating the Delivery event and the development of the applicable Delivery documents. The Contracts Department has the lead for developing any needed monetary withholdings and maintaining the delivery documents post delivery based on inputs from the project office. Other SUPSHIP codes, such as quality assurance, logistics and engineering, own the processes that maintain configuration management of open work in their areas of expertise.

Responsibility: Project office personnel are responsible for ensuring the contractor captures all open work on the Delivery document as well as coordinating the government review of the contractor's proposal. Responsibility for delivery document maintenance resides with the ACO, with assistance from project office, quality assurance, logistics, and engineering personnel.

Products and Services: A completed and signed preliminary acceptance/Delivery document and associated communication letters.

JFMM Volume 1, New Construction and OPNAVINST 4700.8K define the processes and documents utilized by "Supervising and Accepting Authorities" to accept ships for the Navy. These processes and documents differ depending on ship class, propulsion plant (e.g., nuclear/non-nuclear) and/or final customer (e.g., MSC). In most cases, the process includes a system in which the ship is preliminarily accepted by the cognizant SUPSHIP at the time of delivery at the builder's shipyard followed by a final acceptance once the guarantee period expires.

A formal document, such as a form DD250, which is signed by both the shipbuilder and SUPSHIP representative, is used to capture all of the incomplete contractor responsible work at time of Delivery. Maintenance of this documentation, which may have work deleted or added during the guarantee period, is the responsibility of the cognizant SUPSHIP.

a. Prior to Delivery. The project management team will closely monitor the status of all trial cards and known deficiencies or incomplete work as the date for the Navy to take delivery of the ship approaches. This action is required in advance of SUPSHIP providing notification that the ship or submarine is ready for delivery and the DD250 is signed. All outstanding trial items that are the responsibility of the contractor to correct following delivery are identified as outstanding items and the listing is attached to the DD 250 as exceptions for acceptance of the ship.

b. Exceptions to Completion. The contracting officer utilizes the listing of non-compliant deficiency items as the basis to withhold sufficient funding to correct all remaining items at delivery. This action protects the government should the contractor fail to correct the deficiencies and the government has to pay another contractor to correct the problems. Refer to Chapters 3, "Contracting and Contract Administration," and Chapter 10 "Testing, Trials and Delivery," concerning withholding funding.

c. Following Delivery, any work that is accomplished on the vessel must be governed in accordance with U.S. Navy policy and, if applicable, under the technical oversight of the American Bureau of Shipping (ABS) and the Coast Guard for Steel Vessel Rules ships. Generally, Navy ships control work in accordance with the JFMM Vol 1 – New Construction. Due to differences between the JFMM, new construction contract requirements and shipbuilder practices, it is recommended that a MOU be signed by the Supervisor and the shipbuilder that clearly describes the alternate requirements that the shipbuilder must operate under when completing its DD250 items.

5.3.6.6 Guarantee Work Management

Process Ownership: The project offices are the SUPSHIP lead with support from the Contracts, Engineering and Quality Assurance Departments.

Responsibility: Identify, adjudicate (determine responsibility, cost and brokering to TYCOM, if required) and manage clearance of shipbuilder guarantee deficiencies.

Products and Services: Coordination for tracking, resolution and documentation of guarantee deficiencies.

The project office will coordinate the disposition of guarantee items (see SOM 3.11). The shipbuilder will assign a Warranty Engineer, as specified by the terms of the contract, to address emergent defects or deficiencies, and this individual has the authority to obligate the contractor relative to those items that are determined to be contractor responsible during the guarantee period.

This guarantee period commences at preliminary acceptance (date the DD250 is signed) and continues as specified in the contract.

As noted in Chapter 10, if the ship's schedule permits, the TYCOM or Immediate Superior in Command (ISIC) may provide an opportunity for the contractor to correct deficiencies.

The shipbuilder has a contractual monetary limitation depending on the terms of the contract; thus, it is important for the project office to screen both accepted and rejected guarantee items to ensure the shipbuilder is not charging base contract work to the guarantee limitation of funds, nor incorrectly rejecting covered guarantee work.

5.4 Personnel Qualification Requirements

Individual Employee Development Plans

It is expected that SUPSHIP would encourage the development of individual employees by having an individual development plan for each employee. This plan would be developed by the employee and his/her supervisor and would be periodically reviewed by both to ensure appropriate progress.

Training needed for individuals assigned to the project office is comprised of basic SOM training provided by NAVSEA, DAWIA training provided by DAU, and SUPSHIP project management training (basic and advanced) provided by NAVSEA.

In some cases, specific qualifications will be required (e.g., qualification to support the ship safety requirements of NAVSEA 0905-485-6010, Manual for the Control of Testing and Ship Conditions). These qualifications may be included in the position description (PD) for specific individuals or in individual development plans (IDP) as appropriate.

Project Office Functional Training Plans

Each SUPSHIP project office will have a training plan which lists required training for assigned employees. Cross-training should be included in these plans to enhance office efficiency and afford individual long-term advancement opportunities.

5.5 Assessment

5.5.1 Background

SUPSHIP project offices are uniquely positioned to assess the execution of the contractor's programs and management. Inherent in this oversight responsibility is the ability to self-assess the project offices' capabilities and compliance with NAVSEA directives, Federal and Defense Department Acquisition Regulations, internal command instructions, and execution of basic program management tools and practices. SUPSHIPs Groton and Newport News also have unique submarine program and nuclear power oversight requirements.

The ability to conduct a valid self-assessment of one's own organization is a critical attribute for effective management and continuous improvement. Conduct of project management self-assessment of project management, due to its less structured nature, presents a challenge to those individuals assigned to conduct assessments. Thus, project managers need to carefully evaluate those individuals assigned to assessment and ensure they have sufficient experience, guidance and training opportunities to provide quality self-assessment for the project office.

Self-assessments have previously been implemented in the SUPSHIP community, but they focused primarily on supporting specific requirements for NAVSEA headquarters initiatives, such as the Management Control Program (SEA 00N) and Submarine Safety (SUBSAFE) Program (SEA 07Q). The flow-down of specific self-assessment responsibilities and determination of compliance to specific requirements by the SUPSHIP project office was generally done by ad hoc assignments. Additionally, these recurring obligations were not included in a comprehensive process that was centrally managed.

SUPSHIP project offices should develop an integrated self-assessment process plan that incorporates:

- conduct an integrated assessment of recurring assessments in support of outside activities (including NAVSEA headquarters)

- process reviews for the key processes where the project office has primary responsibility, as outlined in section 5.2 of this chapter

- reviews of the project office input in support of key processes where other SUPSHIP codes have primary responsibility, as outlined in section 5.2 of this chapter

5.5.2 Recurring Assessments of the Contractor

5.5.2.1 SUBSAFE, Deep Submergence Systems and Fly-by-Wire Audit Programs

Unique to the construction and "in service" support of nuclear submarines, SUPSHIPs Groton and Newport News are required to provide oversight of the contractor's SUBSAFE, Deep Submergence Systems and Fly-by-Wire programs. These programs are structured with multiple layers of technical and programmatic requirements and processes. Compliance to these standards is validated through ship specific certification audits and regularly scheduled activity functional audits. To support this proactive program, all activities, including contractors, are mandated to provide qualified auditors to support NAVSEA 07Q lead audits in accordance with the requirements of the most recently issued SUBSAFEGRAMS maintained by SEA 07Q. Auditors are required with specialization in engineering/technical, quality and management.

5.5.2.2 Command Quality Audit Program

Chapter 9 of this manual requires regular audits of contractors' quality programs. In addition to these audits, the project office should consider audits of the following areas of the contractors' programs:

- Management Commitment (ISO 9000 Section 5.1)
- Human Resources (ISO Section 6.2)
- Customer-Related Processes (ISO9000 Section 7.2)
- Analysis of Data (ISO 9000 Section 8.4)
- Work completion validation
- Compliance with the requirements of the Manual for the Control of Testing and Ship Conditions (NAVSEA 0905-485-6010), where applicable
- Schedule compliance
- Standard program management tool utilization

Note that personnel performing audits of the contractor must the requirements of SOM 9.3.2.1.2.

5.5.3 Project Self-Assessment

5.5.3.1 SUBSAFE, Deep Submergence Systems and Fly-by-Wire Internal Assessment Program

Unique to the construction and "in service" support of nuclear submarine, SUPSHIPs Groton and Newport News are required to provide annual self-assessment of their management

support to the SUBSAFE, Deep Submergence Systems and Fly-by-Wire programs. Specific assessment attributes are provided by NAVSEA SUBSAFE Office (SEA 07Q) in the SUBSAFE Functional Audit Guide for SUPSHIP Section I Management. The project office shall coordinate the conduct of regular self-assessments with the command SUBSAFE Project Director, as required by reference (u), NAVSEA 0924-LP-062-0010**, Submarine Safety (SUBSAFE) Requirements Manual.

5.5.3.2 Support to the Command Quality Audit Program

The project office should, on a recurring basis, self-assess its ability to perform audits of the contractor across all oversight areas encompassed by the Command Quality Audit Program, and take the necessary action to ensure personnel gain the requisite experience and qualifications to be effective.

5.5.3.2.1 Responsible Process Reviews

Table 5-1 assigns the project office with primary and secondary responsibility for the 26 project-specific processes described in Section 5.3. In order to assist in the conduct of regularly scheduled self-assessments, a Project Office Self-Assessment Guide is available for download from the SOM web page. This guide provides a comprehensive, individual checklist for each of the processes. The guide is maintained by SEA 04Z and updated periodically with input from the SUPSHIP project offices.

5.5.3.3 Support to the Manager's Internal Control Program (MICP)

Reference (v), DoDI 5010.40, Managers' Internal Control Program (MICP) Procedures, reference (w), OPNAVINST 5200.25E, CNO Management Control Program, and reference (x), NAVSEAINST 5200.13D**, Managers' Internal Control Program (MICP), require implementation of a command level management control program, through implementation and review of Internal Controls (ICs), to ensure compliance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, reference (y). SUPSHIPs are responsible for issuing an annual Statement of Assurance (SOA), a command-wide statement used for certifying the extent to which management ICs are in place and operating effectively and also to disclose any IC deficiencies identified during the annual MIC process. IC deficiency reporting categories that are applicable to project offices are defined in NAVSEAINST 5200.13D** as follows:

Major Systems Acquisition: Covers items designated as major systems and that are subject to the procedures of the Defense Acquisition Board and the Military Services acquisition review councils.

Contract Administration: Covers the fulfillment of contractual requirements including performance and delivery, quality control and testing to meet specifications, performance acceptance, billing and payment controls, justification for contractual amendments, and actions to protect the best interests of the government.

Manufacturing, Maintenance and Repair: Covers the management and operation of in-house and contractor-operated facilities performing maintenance and repair/installation of

modifications to material, equipment, and supplies. Includes depot and arsenal-type facilities as well as intermediate and unit levels of military organizations.

The project office should coordinate with the individual Command MIC Coordinator to identify ICs and plan IC review activities. To avoid any duplication of effort in meeting MIC Program requirements, the project office, in collaboration with the MIC Coordinator, should identify existing processes which determine whether or not ICs are in place and working effectively. To the maximum extent possible, the results of the project office self-assessment process described in section 5.5.3.2.1 will be utilized to validate IC implementation and effectiveness, and to identify deficiencies where corrective actions are required.

An Assessable Unit (AU) Risk Assessment form that assesses each SUPSHIP project office as single AU's is included in the Project Self-Assessment process reviews discussed in section 5.5.3.2.1. Separately, additional AU's maybe assigned by a SUPSHIP as necessary to include specific areas of command interest, such as the Contractor Performance Assessment Rating System (CPARS), Project Management and Delivery/Sail Away.

5.6 Actions to Improve Project Outcome

The SUPSHIP project office is in a unique position to recommend actions to the shipbuilder to improve project execution and to educate and align the larger government team with regard to issues associated with project execution at the shipbuilder's facility. Additionally, colocation in the shipbuilder's facility and daily interaction with key shipbuilder personnel provides the opportunity for the SUPSHIP to leverage its resident knowledge and government team resources and expertise to:

- influence behavioral changes with the shipbuilder
- potentially improve the outcome of projects under execution

This section describes approaches and associated actions available to the SUPSHIP to proactively engage both the shipbuilder and government teams in meaningful discussions, both internal to the government team and with the shipbuilder, resulting in potential improvements in project outcome.

Generally, the following assumptions can be made about the relationships between SUPSHIP, the shipbuilder and the government team relative to methods available for improving project outcome:

1. Established shipbuilders are capable of performing the complex work associated with ship construction.

2. If the shipbuilder acknowledges and accepts a problem, he will work towards development and execution of corrective actions.

3. SUPSHIP is in the best government position to identify and address problems with the shipbuilder, follow-up on corrective actions, and address the effectiveness of corrective actions with the shipbuilder.

4. SUPSHIP is in the best position to understand adverse impacts of government responsible problems with project execution at the shipyard and to lead the government team to take effective corrective actions.

5. SUPSHIP has a range of remedies to drive action by the shipbuilder and/or government.

SUPSHIP can favorably impact the outcome of shipbuilder's projects by:

- identifying adverse conditions or trends
- achieving acceptance of the condition or trend
- obtaining commitments for causal analysis and implementation of corrective action

Likewise, SUPSHIP can mitigate government impact on the outcome of projects by:

- early identification of issues and trends
- achieving acceptance by a government agency to the problem
- following up to ensure the corrective actions are effective

5.6.1 Adverse Shipbuilder Trends

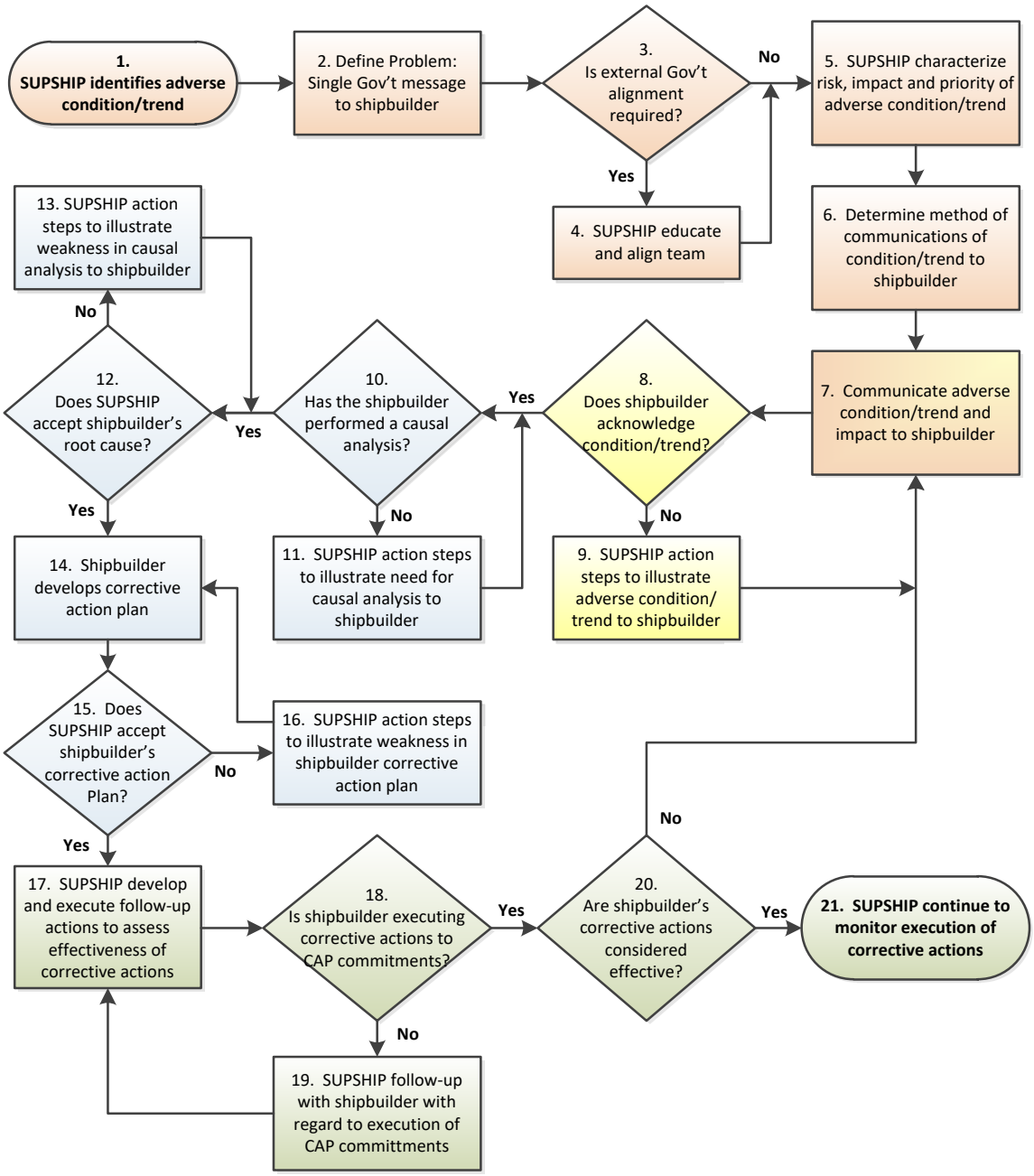
Because of the breadth of responsibilities inherent in shipbuilding project management, issues and problems that can negatively impact project outcome can originate from numerous sources and involve a variety of subjects. These issues may be resolved at the SUPSHIP'S functional level (quality assurance, engineering, contracts). However, when issues cannot be resolved at this level and shipbuilder management attention must be called upon to correct the adverse condition or trend, it is incumbent on the SUPSHIP project office to ensure the issue is properly identified and consistently communicated.

Figure 5-3 provides the sequence of steps to be taken by the SUPSHIP in responding to an adverse trend in the shipbuilder's project performance. These steps are separated into four distinct phases:

- issue identification and achieving government alignment
- achieving shipbuilder acceptance and ownership of the problem
- establishing shipbuilder accountability
- Government follow-up actions

These phases are described in detail in Figure 5-3 below.

Figure 5-3: SUPSHIP Actions to Address Adverse Shipbuilder Trend



5.6.1.1 Issue Identification and Achieving Government Alignment (steps 1 – 7)

Introduction: The initial phase of shipbuilder responsible problem resolution relies on the identification of the adverse trend and the establishment of an aligned government position on the presence and nature of the trend.

Discussion: The SUPSHIP project office is responsible for taking the lead in establishing the joint, aligned government position. This effort includes facilitating the internal discussions

needed to ensure the SUPSHIP functions are aligned with both the problem description and the supporting data. Once the problem is explicitly identified, a risk assessment must be conducted to determine the seriousness of the issue and whether it can be resolved at the local level. If it is determined that a local solution will suffice, the project office has the lead for presentation of the issue to the shipbuilder for resolution.

If the risk assessment has determined that other government entities (e.g., NAVSEA, PEO, technical warrant holders, certifying agents, etc.) must be either informed or involved in the solution, it is the responsibility of the project office to ensure the issue is consistently communicated. The communication path between government entities shall be between the key functional areas of the organizations and respective government project offices and program offices. The SUPSHIP organization, led by the project office, shall present issues in a consistent manner. Doing otherwise will only result in inefficiency and churn to both SUPSHIP and outside government activities.

Once the internal/external government team is aligned regarding the nature and severity of the problem, it must be effectively communicated to the shipbuilder's management team. The methods used to conduct this communication range from informal verbal communication through formal contractual notification.

5.6.1.2 Achieving Shipbuilder Acceptance/Ownership of the Problem (steps 7 - 9)

Introduction: This phase of the process focuses on achieving shipbuilder acceptance and ownership of the problem.

Discussion: The central question of this phase is: Does the shipbuilder acknowledge and accept the adverse condition or trend?

a. If the response to this question is ***yes***, the process moves on to the next phase where the SUPSHIP works to establish accountability for valid causal analysis and development of effective corrective action plans by the shipbuilder.

b. If the response to the question is ***no***, SUPSHIP action is necessary to achieve shipbuilder acknowledgement and ownership of the problem.

There are numerous methods and associated vehicles or remedies for influencing the shipbuilder to take ownership of the problem. These remedies are described in paragraph 5.6.1.2.1. Some insight into the shipbuilder's capabilities, business and financial position, share line/incentive entitlement, or overall willingness to take on problem resolution is beneficial in determining which remedy is likely to be most effective. Accordingly, the SUPSHIP should assess the shipbuilder's business environment prior to choosing the approach and method of delivering the request for action.

If the shipbuilder is experiencing significant project performance issues or is not in a favorable business or financial position, remedies that are more structured or directive in nature may be required to achieve the desired shipbuilder action. Conversely, if the shipbuilder is performing favorably to the contract's terms and conditions, or is generally

inclined to initiate improvement actions, there is a greater likelihood of achieving the desired action through less formal, more facilitative remedies. Additionally, consideration should be given to illustrating how the shipbuilder may benefit from actions to change project trends, such as actions that can potentially result in reduced man-hour expenditures or costs, and thereby benefit both the government and the shipbuilder.

Once the assessment of the shipbuilder's business environment has been completed and a determination of which approach is likely to achieve the desired outcome, the SUPSHIP should prepare documentation to describe the adverse condition or trend, identify the anticipated short and long-term impact to project outcome, and request formal action by the shipbuilder.

If the SUPSHIP is unable to effectively assess the shipbuilder's willingness to accept the problem and initiate causal analysis and corrective actions, and the anticipated impact of the condition or trend is sufficient to warrant near-term implementation of corrective actions, then the SUPSHIP should explore the issue with key shipbuilder management personnel in order to determine their willingness to take on the problem.

Whenever shipbuilder resistance to problem definition, causal analysis, and development of corrective action plans is encountered, the SUPSHIP should weigh the anticipated impact of the condition or trend against the potential consequences of escalating the issue with the shipbuilder. Judgment is required to choose the right path forward and there may be value in gathering additional data and conducting additional analysis of the condition rather than escalating the issue. If escalation is selected, the issue should be revisited with a more severe remedy and possibly at a higher level in the shipbuilder's organization. If the SUPSHIP determines that the best path forward is to gather additional data and conduct additional analysis, the project office should discuss strategy development with cognizant SUPSHIP departments in order to define specific actions and develop a timeline for accomplishment. The project office should establish a target follow-up date for completing the additional analysis and re-assessing the need for shipbuilder action.

5.6.1.2.1 Shipbuilder Remedies

a. **Organizational/Process Improvement Tools/Activities** – This remedy consists of a proactive, joint working-level collaboration to identify initiatives and intervention strategies, at or across all organizational levels. The focus of this remedy is collaboration with the contractor to identify, recommend and implement corrective actions based on joint assessment of expectations, trends and recurrent concerns. Specifics of this remedy may include use of Unplanned Event (UE) critiques, Value Stream Mapping (VSM), After-Action Reviews (AARs), and Rapid Improvement Workshops (RIWs) to drive improvements. The intention is to have the shipbuilder take actions that are in his best interest, as well as the government's, with minimal formal documentation and implementation at the lowest possible level.

b. **Peer Meeting** – This remedy includes the full spectrum of face-to-face communications between the project office and the shipbuilder's program office as outlined in section 5.3.3.1 and Appendix 5-B. This remedy focuses on requesting

that the shipbuilder take actions based on reasonable, verbal discussions. The intention is to have the shipbuilder quickly take actions that are in his best interest, as well as the government's, with minimal formal documentation.

c. **Shipyard Vice President (VP) Meeting** – This remedy is an expansion of the communications outlined in the Peer Meetings, to include escalation from the individual project officer to higher levels of SUPSHIP management (i.e. Supervisor/Executive Director) who would lead discussions with the contractor's responsible vice presidents. These discussions may be held on a regular basis or be event-driven, and may include other agencies such as Naval Reactors, the Fleet and PEO.

d. **Nuclear Management Meeting Item** – This remedy is only applicable to nuclear shipyards. Under the provisions of the shipbuilder's nuclear license from the Department of Energy, the local Naval Reactors Representative holds formal meetings monthly with the shipbuilder's president, the Supervisor of Shipbuilding, and each of the in-yard ship commanding officers and officers in charge. Each agency can bring agenda items before the group for action by the shipbuilder, who is responsible for providing a satisfactory resolution plan and monitoring progress to resolution by formal minutes and action item tracking.

e. Formal Corrective Action Requests (CARs) – These are the method by which the Government informs the contractor of a condition that is not in accordance with contractual requirements. For definitions of the types of CARs and procedures for issuing CARs, refer to paragraph 9.3.1.6.

f. **SEA 00 Letter** – While this remedy is rare, it may be requested via SEA 04 when a particular issue with a shipbuilder affects NAVSEA's ability to effectively execute their warranted responsibilities (i.e. technical management, contracting, etc.). This letter will be drafted by the project office and coordinated with the Supervisor and SEA 04.

g. **ASN (RDA) Action Tasker** – While this remedy is rare, it may be requested via the PEO when a particular issue with the shipbuilder affects the PEO's or the Secretary of the Navy's ability to effectively execute overall program management responsibilities, or the issue has direct congressional implications or requires congressional action. This letter will be drafted by the project office and coordinated with the Supervisor, PEO and DASN (Ships).

h. **Project Officer Technical Letter of Direction/Stop Work Order** – This remedy consists of the project officer providing the shipbuilder with a formal letter recommending action be taken in order to reduce costs to both the contractor and government, or provide direction in anticipation of a formal contract change being processed. It is important to realize this action is not contractually binding upon the contractor, and the contractor is not obligated to follow the letter; however, his continued action or inaction could potentially result in monetary loss.

i. **Contracting Officer's Letter of Concern** – This remedy is typically drafted by the project office for issuance by the ACO. It is similar to the technical letter of direction, but brings with it the full force of official notification to the shipbuilder that a negative contractual action may be taken.

j. **Contract Letter of Direction/Stop Work Order** - This remedy is typically drafted by the project office for issuance by the ACO. It is similar to the letter of concern, but officially notifies the shipbuilder of a negative contractual action being taken, provides clarification of direction, or specification action for immediate action by the shipbuilder within the provisions allowed by the contract.

k. **Contract Change/Contract Restructuring** – This remedy can be used when a change to the basic contract's provisions would result in improved shipbuilder performance or be beneficial to the government. It requires coordination with the PM and PCO, as well as the full agreement of the contractor.

l. **Award Fee Board/Fee Withholding** – This remedy is covered in section 5.3.1.3.1. Contracts often include award fees and/or incentive fees to incentivize the contractor to achieve cost, schedule or other performance goals. The fee structure for these incentives is established by the PCO during pre-award negotiations. Incentivized contracts provide significant leverage to the Government in obtaining desired contractor performance and provide a strong signal to the contractor when observed performance or behavior is not meeting the Government's expectation. Incentive-type contracts are addressed further in Chapter 3, "Contracting and Contract Administration." Incentive Evaluation Board (IEB) members are designated by the PM and Supervisor. Typically, the PM or Supervisor chairs the IEB. The Fee Determining Official is normally a designated NAVSEA representative who considers the Board's recommendations and makes the final determination as to the percentage (0 – 100%) of the fee pool that is justified to be awarded based on the contractor's performance. Project Office leadership has the responsibility to facilitate the selection of SUPSHIP testifiers and for developing the means by which the testifiers will present their assessments to the IEB. The contract defines the categories and overall criteria for assessments. Project office personnel will work closely with their PM counterparts in establishing a joint process to conduct the IEB using the defined categories and criteria.

m. **Contractor Performance Assessment Reporting System (CPARS)** - this remedy is covered in section 5.3.1.3.2. FAR 42.15 requires evaluation of contractor performance for contracts of specified values. The Department of Navy CPARS Guide and the GSA's CPARS website provide guidance and ensure that contractor performance data is current and available for use in source selections throughout the DoD. CPARS assesses contractors' performance and provides a record of both positive and negative performance on a particular contract. Contracts will be evaluated using CPARS on an annual basis, or more frequently, as required by the terms of the specific contract. The NAVSEA PM and SUPSHIP project office are typically assigned as the command focal points for collecting feedback of contractor performance input into CPARS. Assignment of specific contract reporting within

CPARS is negotiated between the PEO/NAVSEA PM and the SUPSHIP project office based on the activity that has the best knowledge of the shipbuilder's performance and the applicable up-line reporting responsibilities. When SUPSHIP is assigned the CPARS reporting responsibilities, the project officer is typically assigned as the Assessing Official and the ACO is assigned as the Reviewing Official. Details of these specific duties are provided in the CPARS guides. When assigned as the Assessing Official, the project officer should identify supporting representatives as necessary to provide a comprehensive and complete evaluation process as noted in the CPARS guides. PPI surveys should be utilized from other departments and commands as appropriate. At no time may support contractors contribute to the development of CPARS ratings and comments. Performance evaluations are typically submitted by the following personnel:

1) Ship Coordinator

2) Project Manager/Production Controller

3) Cognizant Contract Specialist

4) Cognizant Quality Assurance Specialist

5) Cognizant Project Engineer

6) Ship's force (commanding officer or designated Availability Coordinator)

The Assessing Official should work closely with the shipbuilder's representative to ensure access to CPARS and to ensure timely turnaround of inputs. Additionally, the Assessing Official may have to assist the Reviewing Official in the resolution of disagreements presented by the contractor representative's input in order to finalize the individual contract rating determination.

n. **Fee Reduction Letter** – This remedy is administered by the ACO based on the recommendation of the project office. It is to be used when an issue is of a sufficient level to indicate that the shipbuilder is no longer performing in good faith and justification is no long in place to allow for payment of basic contract fee. The associated withholding of fee payments may be assessed on a partial or complete basis.

o. **Withholding of Progress Payment (partial/full) -** This remedy is administered by the ACO, based on the recommendation of the project office, when an issue is of a sufficient level to indicate that the shipbuilder is no longer correctly performing the contract and justification is no longer in place to allow for payment of basic contract progress payments. The associated withholding of payments may be assessed on a partial or complete basis.

p. **Contract Termination** – SOM section 3.15 outlines the provisions of contract terminations which may be either a Termination for Convenience or a Termination for Default, depending on the nature of the termination. A contract may be terminated

for convenience for any reason that the contracting officer determines would be in the best interest of the Government. Terminations for default are also performed when it is in the Government's best interest, but the reason for the termination is based on the contractor's actual or anticipated failure to perform contractual obligations. This is a multiple step process that begins as outline in SOM Chapter 3.15.1. Although FAR Part 49 grants Contracting Officers the authority to suspend or terminate contracts when it is in the Government's interest, NCH 49.101 does not authorize SUPSHIP Contracting Officers to terminate completely or partially any new construction or ship repair contract. All determinations for default, cure notices, and show-cause letters must be approved by NAVSEA 02/02B. ACO authority to terminate a ship repair contract requires NAVSEA 024 concurrence prior to a termination for convenience (whole or in part) action, and NAVSEA 02 approval for termination for default action. The ACO may terminate for convenience, with approval of the CCO, locally issued job orders. NAVSEA 02 Division Director or FPO CCO approval is required prior to partial or complete termination for convenience on non-major program contracts.

5.6.1.3 Establishing Shipbuilder Accountability (steps 10 – 16)

Introduction: This phase of the SUPSHIP action plan process addresses steps to be taken by the SUPSHIP to establish shipbuilder ownership and accountability of the problem and the initiation of appropriate corrective and preventive actions.

Discussion: The following discussion may be used to help accomplish blocks 10 through 16 of Figure 5-3. These steps pose three fundamental questions in which SUPSHIP project offices take the lead for evaluation. These questions are:

- Has the shipbuilder performed a causal analysis?
- Does SUPSHIP accept the shipbuilder’s identified root causes?
- Has the shipbuilder developed a comprehensive corrective action plan?

Shipbuilders should use root cause analysis (RCA) to determine causal relationships for a myriad of problems, symptoms of problems and defects. Project office personnel need to assess the validity of the shipbuilder’s RCA and determine if the proposed remedy properly addresses the stated deficiency. There are several fundamental principles of RCA which should be present. Some helpful questions to use in scrutinizing the acceptability of the RCA include:

- Is the problem statement clearly defined?
- Is more than one causal factor cited? Failures of most systems in an industry as complex as shipbuilding will usually have a primary cause and several secondary causal factors.

- Was an investigation performed in concert with the RCA? Does the RCA contain the basic elements that one would see in an investigation report? (i.e., was there a list of findings, was a timeline presented, were possible causes listed, and were findings/corrective actions identified?)

- Was the RCA the product of a team or organization?

From the perspective of process improvement practitioners, the term “RCA” is a generic term used to describe approaches for identifying underlying causes of a specific problem or situation. There is no universal tool or specific set of tools, nor is there a universal methodology for conducting RCA. Rather, the experienced practitioner selects a methodology most appropriate to the situation. These methodologies may include The Five Whys, Cause and Effect Diagram, Ishikawa or fishbone diagrams, Pareto analysis, current reality tree (from Goldratt), Failure Modes and Effects Analysis (FMEA), investigations, critiques, NASA MORT, etc. An RCA often employs a number of tools in combination to identify the critical factors leading to a problem or a set of problems. Many approaches can use complex tools, ranging from elaborate matrices to advanced statistical analysis. What SUPSHIP can do, in an oversight role, is to determine if the shipbuilder’s RCA is thorough and sufficiently rigorous relative to the risk associated with the particular problem being analyzed.

A simple methodology for conducting an RCA is:

1) Define the problem.

2) Gather data and develop a timeline.

3) Ask "why" and identify the causes associated with each step in the sequence towards the defined problem.

4) Classify causes into causal factors that relate to an event in the sequence, and root causes, that interrupted that step of the sequence chain.

5) When there are multiple root causes, reveal all and label as primary or secondary.

6) Identify corrective actions that will prevent recurrence of the problem.

7) Identify solutions that effectively prevent recurrence with reasonable certainty and do not introduce other new, unforeseen problems.

8) Implement the recommended root cause corrections.

9) Ensure effectiveness by observing the implemented recommendation solutions and providing metrics.

10) Evaluate the metrics at some periodicity to ensure sustainment.

Once the shipbuilder has conducted an RCA and documented the root causes of the adverse condition or trend, corrective actions are identified to address each of the root causes. The shipbuilder should develop a detailed Corrective Action Plan (CAP) that documents each of the actions to be undertaken and establish a path to arresting the adverse condition or trend. SUPSHIP project offices are the organizational lead for evaluating compliance in this area. The question to evaluate is: Does SUPSHIP accept the shipbuilder's CAP?

The following list contains the elements of a good CAP:

- A clear listing of the required tasks outlined with predecessor tasks and logical linkages established
- Responsible party listed for each task (normally a person not a collective or organization for accountability purposes)
- Estimated completion date of each task
- Expected duration of each task
- Resources required to accomplish each task
- Metrics established to determine if the plan is in control and achieving the expected improvements

SUPSHIP project offices lead the overall SUPSHIP effort to scrutinize contractor plans and identify risks or weaknesses to the contractor. This requires communication of the CAP and feedback to the shipbuilder before the plan is implemented (unless the plan has some "Just Do It" elements). This communication link is critical. While some CAP's achieve success upon implementation and execution, project offices should expect that this can develop into an iterative process, where follow-on CAPs may be required to achieve the desired result.

5.6.1.4 Government Follow-up Actions (steps 17 – 21)

Introduction: This phase of the process addresses the follow-up actions of the government to ensure the problem is resolved as agreed upon. It also determines if the corrective action has the desired result and is effective in resolving the identified problem or trend.

Discussion: This phase of the process is centered on the question: How does SUPSHIP verify that the shipbuilder is following his CAP and that corrective actions are effective?

a. One method of assessing the shipbuilder's CAP is by leveraging reporting requirements. The shipbuilder would be required to provide objective quality evidence (OQE) and or periodic status of the CAP or implementation.

b. Another method of assessing the shipbuilder's CAP is by physical verification. SUPSHIP can recommend additional quality inspection checkpoints during the implementation of the corrective action. This will allow increased opportunity for

government oversight in areas where contractor process problems have been identified. SUPSHIP can also perform pulse audits to periodically verify compliance with the CAP and verify that the documentation is corrected to prevent the problem from reoccurring.

c. The project office can review contractor and government data to look for trends. These trends can potentially show the effects of the corrective actions and whether the corrective action is having the predicted effect. Looking at trend data can show if the contractor is performing as predicted in a stable data environment.

5.6.2 Adverse Government Trends

The SUPSHIP is in a unique position as the government team onsite representative to identify, mitigate and resolve adverse government trends. Project issues and problems can originate from numerous sources outside the shipbuilder's control but under the responsibility of the larger government team. Projects of the complexity overseen by SUPSHIPs involve many systems, material components, information transfer, and support services overseen by other government agencies and subcontractors. Most often these issues are under the responsibility of the PM. The SUPSHIP, however, is in a key position to assist in issue identification impacting the shipbuilder, overall program execution in support of ship delivery and activation, and to provide resolution based on its strong familiarity with the shipbuilder's current practices and past performance.

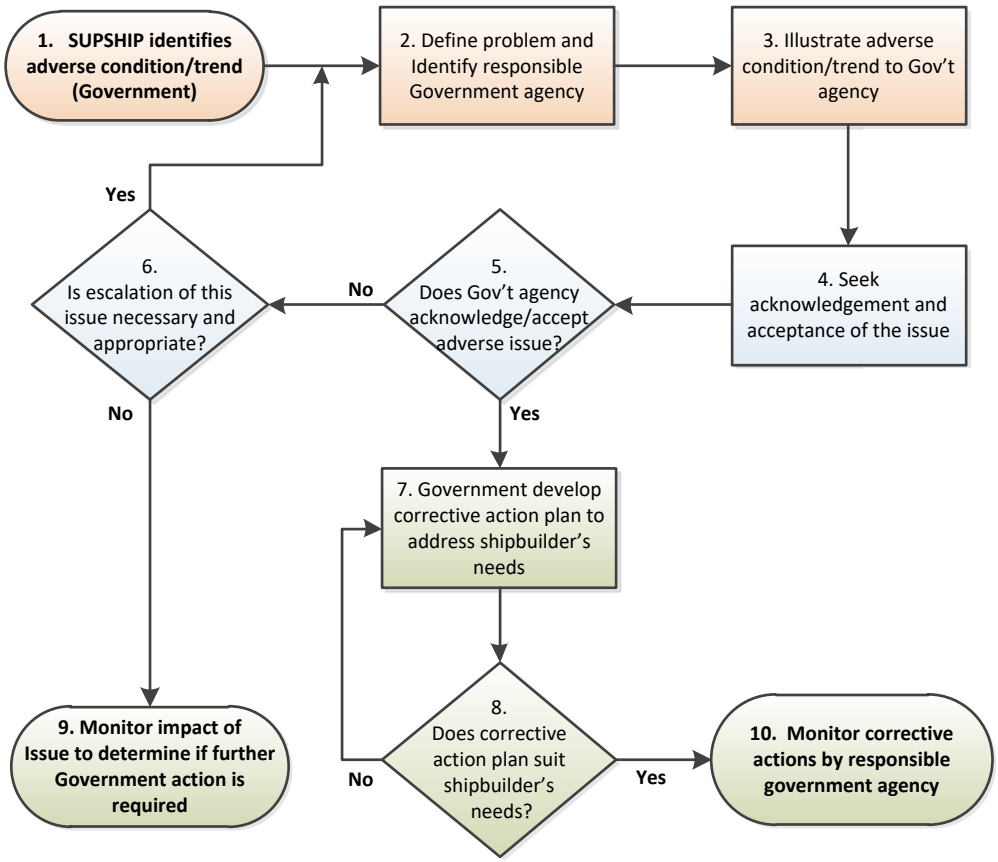
It is the responsibility of the project office to ensure issues are presented and resolved in a consistent manner to foster efficient relationships with outside government activities. This effort involves formal communication with these activities, particularly when they are not adequately supporting contract requirements and their own project commitments.

It is the responsibility of the project office to:

- Ensure issues are presented and resolved in a consistent manner
- Foster efficient, cooperative relationships with outside government activities
- Formally communicate with government activities relative to their impact on the shipbuilder in support of commitments and contract requirements
- Assist in achieving government activity acceptance and ownership of problems to ensure the problem is resolved as agreed upon by all parties
- Determine that corrective action has the desired result and is effective in resolving the identified problem

Figure 5-4 provides the sequence of steps to be taken by the SUPSHIP in responding to an adverse government responsible trend. The phases of this SUPSHIP action sequence are described in detail below.

Figure 5-4: SUPSHIP Actions to Address Adverse Government Trends



5.6.2.1 Issue Identification (steps 1 – 3)

Introduction: The initial phase of government responsible problem resolution relies on the identification of the presence and nature of an adverse condition or trend, and the establishment of which government agency has responsibility for correcting the situation.

Discussion: The breadth of responsibilities inherent in shipbuilding project management means that issues can originate from numerous sources and can touch on broad aspects of project execution. Most often, these issues will be identified by the contractor and resolved at the SUPSHIP's functional level (quality assurance, engineering, contracts). However, when issues cannot be resolved at this level, and government management attention must be called upon to correct the adverse condition or trend, it is incumbent on the project office to identify the applicable government agency to ensure the issue is properly identified and corrected. In many cases, this requires a proactive effort on the part of the project office to coordinate and communicate the actions to resolve the situation. Additionally, the project office is obligated to communicate contractor schedule variation (early or late) to all government agencies in order to support overall success and just-in-time delivery of government responsible items to the shipbuilder.

The project office is responsible for taking the lead in identification of conditions and trends that are caused by government agencies. This effort includes facilitating the internal government discussions needed to ensure SUPSHIP and the responsible government agency are aligned with regard to both the problem description and the supporting data. Examples of issues include:

- Delivery of GFI, typically documented in the Integrated Master Schedule
- Delivery of GFM, typically documented in an attachment to the applicable contract (Schedule A)
- Delivery of government furnished services, typically documented in an attachment to the applicable contract (Schedule B)
- Delivery of GFE, typically for supporting installation of GFM, or performing unique manufacturing or installations
- Delivery of GFP, typically for supporting testing
- Coordination of AITs
- Coordination of government inspection and certification team schedules, reports, and corrective actions
- Continuity of funding for incrementally funded contracts, or implementation of follow-on contract actions (i.e. annual authorization for multi-year contracts)

Conditions and trends may be communicated by all of the key functional areas of the organization to their respective counterparts within the government. However, the SUPSHIP organization, led by the project office, shall ensure issues are presented in a consistent manner. Doing otherwise will only result in inefficiency and churn between SUPSHIP and outside government agencies. When there is potential for impacting the success of a project, the project office must ensure the applicable government agency is formally notified of the significant conditions or negative trends. This includes situations where the government agency is not staying current with assigned actions, delivery dates, or is insufficiently involved in providing information and sharing knowledge. It is incumbent on the project office to understand and formally communicate to government agencies their impact on the contractor when they are not supporting commitments and contract requirements. In many cases, this situation results in a liability to the government, where the contractor can initiate a claim for delay and disruption for failing to provide required information or material.

5.6.2.2 Achieving Government Acceptance/Ownership of the Problem (steps 4 - 6)

Introduction: This phase of the process for addressing adverse conditions or trends by the government is focused on achieving government acceptance and ownership of the problem.

Discussion: The central question for this is: Does the government acknowledge and accept the adverse condition or trend?

a. If the response to this question is ***yes***, the process moves on to the next phase where the SUPSHIP works to establish accountability for valid causal analysis and development of effective corrective action plans by the cognizant activity.

b. If the response to the question is ***no***, action is necessary by the SUPSHIP to achieve acknowledgement and ownership of the problem by the cognizant activity.

There are numerous methods and associated vehicles and remedies for influencing a government activity to take ownership of the problem. These remedies are described in paragraph 5.6.2.2.1. Some insight into the agency's capabilities, financial position or overall willingness to take on problem resolution is beneficial in determining which remedy is likely to be most effective at achieving a commitment from the activity to initiate problem resolution actions. Accordingly, the SUPSHIP should assess the environment the activity is operating in prior to choosing the approach and method of delivering the request for action.

5.6.2.2.1 Government Remedies

a. **Organizational/Process Improvement Tools/Activities** – This remedy consists of use of a proactive, joint working-level collaboration to identify initiatives and intervention strategies, at or across all organizational levels. The focus of this remedy is collaboration with the Government activity to identify, recommend and implement corrective actions based on joint assessment of expectations, trends and recurrent concerns. Specifics of this remedy would include use of Value Stream Mapping (VSM), "hot wash"/After-Action Reviews, or Rapid Improvement Workshops (RIWs) to drive improvements. The intention is to have the cognizant agency take actions that are in its best interest, as well as the project's, with minimal formal documentation and to institute change at the lowest possible level.

b. **Peer Meeting** – This remedy includes the full spectrum of unwritten communications between the project office and the collaborating Government activity. The focus of this remedy is on requesting the activity to take actions based on reasonable, verbal discussions. The intention is to have the cognizant activity take actions that are in its best interest, as well as the program's, with minimal formal documentation.

c. **Senior Manager Meeting** – This remedy is an expansion of the communications outlined in the Peer Meetings, to include escalation from the individual project officer to higher levels of SUPSHIP management (i.e. Supervisor/Executive Director) who would lead discussions with their peer at the government activity and/or the PM. These discussions may be held on a recurring basis, or be event-driven, and may also include other agencies such as Naval Reactors and the Fleet.

d. **Project Officer Technical Letter of Direction**– This remedy consists of the project officer providing the Government agency a formal letter recommending action be taken to reduce costs to both the shipbuilder and government, or provide preliminary

direction in anticipation of formal direction being processed. It is important to realize this action is not contractually binding, and the agency is not obligated to follow the letter.

5.6.2.3 Follow-up Actions (steps 7-10)

Introduction: This phase of the process addresses the follow-up actions of SUPSHIP to ensure the problem is resolved as agreed upon. It also determines if the corrective action has the desired result, and is effective in resolving the identified condition or trend. This phase will require communications not only with the responsible government agency but also with the shipbuilder to ensure that the outcome is acceptable to all parties, and has desired outcome.

Discussion: If the responsible government agency acknowledges the adverse condition, that agency will develop a CAP. The project office can assist the agency in developing the plan by providing key information (technical, schedule cost, etc.), but the responsible government agency should develop the CAP.

After the CAP has been developed, the project office is responsible for communicating the plan to the shipbuilder to determine if the plan will resolve the issue. The project office should engage the shipbuilder to determine the technical, schedule and/or cost impact of the CAP. The CAP may need to be reworked by the responsible government agency to accommodate shipbuilder needs. It is the role of the project office to bridge the communications gap between the responsible government agency and the shipbuilder. It is not uncommon for several iterations to occur before an acceptable plan is developed. Early communication between all parties can help in reducing the churn in this process.

Once an acceptable CAP is developed, the project office must determine if the plan will have the desired results. This will require analysis of the plan (possibly with the shipbuilder) to determine if the plan will have desired outcome. Depending on the complexity of the issue, the full impact may not be understood immediately. The project office is responsible for monitoring the execution and results of the corrective action. Depending on the issue, there are a number of monitoring techniques that can be used to determine if the CAP has been successful. A few examples of monitoring techniques include:

- Earned Value: has the corrective action impacted EV data?
- Schedule Variance: has the corrective action impacted any of the shipbuilder schedules?
    - Production Schedule: erection schedule, compartment completion schedule
    - Test Schedule: test procedure generation, test program execution
    - Engineering Product Schedule: drawing schedules, production work packages
    - ILS Product Schedule: tech manual delivery, LSI package delivery
- Technical Reviews: Does the CAP improve the technical data produced?

- Funding: Is the contract adequately funded?

If the responsible government agency does not acknowledge the adverse condition or trend and elevation of the issue is not warranted, then it is the responsibility of the project office to continue to monitor the issue. It may be decided that resolving the issue would not be cost effective or disruptive. The project office is responsible for monitoring the issue to determine that it does not impact overall success of the project, or lead to new problems. The project office will continue to monitor the issue and report any impact of the issue to the appropriate stakeholders (i.e. PM). If further action is required, then the process will start over.

Appendix 5-A: SUPSHIP Departmental Responsibilities for Contract Administration Functions Under FAR 42.302 (a), (b), and DFAR 242.302

Item	FAR 42.302 (a)	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(1)	Review the contractor's compensation structure.	**Contracts (Code 400)**	**Contracts (Code 400)**	**Contracts (Code 400)**	**Contracts (Code 400)**
(2)	Review the contractor's insurance plans.	Contracts (Code 400)	Contracts (Code 400), and Code 15X	Contracts (Code 400)	Contracts (Code 400)
(3)	Conduct Post-Award Orientation Conferences.	Contracts (Code 400)	Contracts (Code 400), and Code 15X	Contracts (Code 400)	Contracts (Code 400)
(4)	Review and evaluate contractors' proposals under Subpart 15.4 and, when negotiations will be accomplished by the contracting officer, furnish comments and recommendations to that officer.	Contracts (Code 400), and Code 15X	Contracts (Code 400), and Code 15X	Contracts (Code 400), Code 117 & 15X	Contracts (Code 400) and Codes 200 and 15X
(5)	Negotiate forward pricing rate agreements (see 15.407-3).	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(6)	Negotiate advance agreements applicable to treatment of costs under contracts currently assigned for administration (see 31.109).	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(7)	Determine the allowability of costs suspended or disapproved as required (see Subpart 42.8), direct the suspension or disapproval of costs when there is reason to believe they should be suspended or disapproved, and approve final vouchers.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(8)	Issue Notices of Intent to Disallow or not Recognize Costs (see Subpart 42.8).	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)

Item	FAR 42.302 (a)	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(9)	Establish final indirect cost rates and billing rates for those contractors meeting the criteria for contracting officer determination in Subpart 42.7.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(10)	Attempt to resolve issues in controversy, using ADR procedures when appropriate (see Subpart 33.2); prepare findings of fact and issue decisions under the Disputes clause on matters in which the ACO has the authority to take definitive action.	Contracts (Code 400), and Codes 15X, 130 and 200	Contracts (Code 400), and Codes 15X, 130	Contracts (Code 400), Code 117 & Codes 15X	Contracts (Code 400), Codes 15X, 130 and 200
(11)	In connection with Cost Accounting Standards (see 30.601 and 48 CFR Chapter 99 (FAR Appendix)) - (i) Determine the adequacy of the contractor's disclosure statements; (ii) Determine whether disclosure statements are in compliance with Cost Accounting Standards and Part 31; (iii) Determine the contractor's compliance with Cost Accounting Standards and disclosure statements, if applicable; and (iv) Negotiate price adjustments and execute supplemental agreements under the Cost Accounting Standards clauses at 52.230-2, 52.230-3, 52.230-4, 52.230-5 and 52.230-6.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(12)	Review and approve or disapprove the contractor's request for payments under the contractor payments or performance-based payments clauses.	Contracts (Code 400), and Code 15X	Contracts (Code 400), and Code 15X	Contracts (Code 400), Code 117 & Codes 15X	Contracts (Code 400), Code 15X
(13)	Make payments on assigned contracts when prescribed in agency acquisition regulations.	Not Applicable	Not Applicable	Code 700 (Comptroller)	Not Applicable
(14)	Manage special bank accounts.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Item	**FAR 42.302 (a)**	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(15)	Ensure timely notification by the contractor of any anticipated overrun or under run of the estimated cost under cost-reimbursement contracts.	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	Contracts (Code 400), Code 117 & Codes 15X	Contracts (Code 400)
(16)	Monitor the contractor's financial condition and advise the contracting officer when it jeopardizes contract performance.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(17)	Analyze quarterly limitation on payments statements and recover overpayments from the contractor.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(18)	Issue Tax Exemption forms.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(19)	Negotiate forward pricing rate agreements (see 15.407-3).	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(20)	For classified contracts, administer those portions of the applicable industrial security program delegated to the ACO (see Subpart 4.4).	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	Not Applicable	Not Applicable
(21)	Issue work requests under maintenance, overall and modification contracts.	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	N/A (only New Construction)	Financial Management Code 700
(22)	Negotiate prices and execute supplemental agreements for spare parts and other items selected through provisioning procedures when prescribed by agency acquisition regulations.	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 500	Contracts Code 400
(23)	Negotiate and execute contractual documents for settlement of partial and complete contract terminations for convenience, except as otherwise prescribed by Part 49.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)

Item	**FAR 42.302 (a)**	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(24)	Negotiate and execute contractual documents settling cancellation charges under multi-year contracts.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Not Applicable
(25)	Process and execute novation and change of name agreements under Subpart 42.12.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(26)	Perform property administration (see Part 45).	Contracts (Code 400)	Contracts (Code 400)	Code 400 & Code 500 (NFLC JAXDET)	Logistics (Code 500)
(27)	Reserved	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(28)	Perform necessary screening, redistribution and disposal of contractor inventory.	Contracts (Code 400) and Codes 15X, 500	Contracts (Code 400) and Codes 15X, 500	Code 400 & Code 500 (NFLC JAXDET)	Logistics (Code 500)
(29)	Issue contract modifications requiring the contractor to provide packing, crating and handling services on excess government property. When the ACO determines it to be in the government's interests, the services may be secured from a contractor other than the contractor in possession of the property.	Contracts (Code 400)	Contracts (Code 400) and Codes 500, 15X	Contracts (Code 400) and Codes 500 (NFLC JAX), 117, 15X	Contracts (Code 400) and Logistics (Code 500)

Item	**FAR 42.302 (a)**	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(30)	When contractors request government--(i) Evaluate the contractor's requests for government property and for changes to existing government property and provide appropriate recommendations to the contracting officer; (ii) Ensure required screening of government property before acquisition by the contractor; (iii) Approve use of government property on a non-interference basis in accordance with the clause at 52.245-9, Use and Charges; (iv) Ensure payment by the contractor of any rental due; and (v) Ensure reporting of items no longer needed for government production.	Contracts Code 400, and Codes 15X, 500	Contracts Code 400, and Codes 15X, 500	Code 400 & Code 500 (NFLC JAXDET)	Contracts Code 400, and Code 500
(31)	Perform production support, surveillance and status reporting, including timely reporting of potential and actual slippages in contract delivery schedules.	Project Office (Codes 15X), and Codes 200, 300, & 400	Project Office (Codes 15X), and Codes 200, 300, & 400	Project Office (Codes 117 & 15X), and Code 400 (Work Progressing Group)	Project Office (Code 160) and Codes 15X, 200, 300, 400, & 500
(32)	Perform Pre-Award surveys (see Subpart 9.1).	Contracts (Code 400) and Codes 500, 15X	Contracts (Code 400) and Codes 500, 15X	Contracts (Code 400) and Codes 200, 500, 117 & 15X	Business Review Code 160 and Codes 15X, 200, 300, & 400
(33)	Advise and assist contractors regarding their priorities and allocations responsibilities and assist contracting offices in processing requests for special assistance and for priority ratings for privately-owned capital equipment.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)

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(34)	Monitor contractor industrial labor relations matters under the contract; apprise the contracting officer and, if designated by the agency, the cognizant labor relations advisor, of actual or potential labor disputes; and coordinate the removal of urgently required material from the strikebound contractor's plant upon instruction from, and authorization of, the contracting officer.	Contracts (Code 400) and Code 130	Contracts (Code 400) and Code 130	Contracts (Code 400) and Code 180	Contracts (Code 400) and Code 160
(35)	Perform traffic management services, including the issuance and control of government bills of lading and other transportation documents.	NFLC Norfolk Detachment SUPSHIPBA (Code 500) and Code 400	Logistics (Code 500)	Logistics (Code 500) (NFLC JAX)	Logistics (Code 500)
(36)	Review the adequacy of the contractor's traffic operations.	NFLC Norfolk Detachment SUPSHIPBA (Code 500) and Code 400	Logistics (Code 500)	Logistics (Code 500) (NFLC JAX)	Logistics (Code 500)
(37)	Review and evaluate preservation, packaging and packing.	NFLC Norfolk Detachment SUPSHIPBA (Code 500, and Code 400)	Logistics (Code 500)	Logistics (Code 500) (NFLC JAX)	Logistics (Code 500)
(38)	Ensure contractor compliance with contractual quality assurance requirements (see Part 46).	Quality Assurance (Code 300), and Codes 400, 15X, 200	Quality Assurance (Code 300), and Codes 400, 15X, 200	Quality Assurance (Code 300), and Codes 400, 117, 15X, 200	Quality Assurance Code 300 and Contracts Code 400
(39)	Ensure contractor compliance with contractual safety requirements.	Environmental and Safety Office (Code 140), Code 15X and C300	Environmental and Safety Office (Code 140) and Code 15X	Environmental and Safety Office (Code 140) and Code 117, 15X, 200	Environmental and Safety Office (Code 140) and Code 400

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(40)	Perform engineering surveillance to assess compliance with contractual terms for schedule, cost and technical performance in the areas of design, development and production.	Engineering (Code 200) and Codes 400, 15X	Engineering (Code 200) and Codes 400, 15X	Engineering (Code 200) and Codes 400, 117, 15X	Engineering (Code 200) and Code 400
(41)	Evaluate for adequacy and perform surveillance of contractor engineering efforts and management systems that relate to design, development, production, engineering changes, subcontractors, tests, management of engineering resources, reliability and maintainability, data control systems, configuration management, and independent research and development.	Engineering (Code 200) and Codes 15X, 400	Engineering (Code 200) and Codes 15X, 400	Engineering (Code 200) and Codes 400, 117, 15X	Engineering (Code 200), Codes 15X, 400
(42)	Review and evaluate for technical adequacy the contractor's logistics support, maintenance and modification programs.	Quality (Code 300) and Codes 15X, 400, 200	Contracts (Code 200) and Codes 15X, 400	Logistics (Code 500) and Codes 117, 15X, 200	Contracts (Code 400)
(43)	Report to the contracting office any inadequacies noted in specifications.	Project Office (Code 15X) and Codes 200, 500, 300, 140, 190	Project Office (Code 15X) and Codes 200, 500, 300, 140, 190	Project Office (Code 117, 15X) and Codes 200, 500	Contracts (Code 400) and Codes 200, 15X, 500, 300, 140, 190
(44)	Perform engineering analyses of contractor cost proposals.	Engineering (Code 200) and Codes 400, 15X	Contracts (Code 400) and Codes 200, 15X	Contracts (Code 400) and Codes 200, 117, 15X	Contracts Code 400 and Code 200, 15X
(45)	Review and analyze contractor proposed engineering and design studies and submit comments and recommendations to the contracting office, as required.	Engineering (Code 200) and Codes 400, 15X	Contracts (Code 400) and Codes 200, 15X	Contracts (Code 400) and Codes 200, 117, 15X	Contracts Code 400 and Code 200, 15X

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(46)	Review ECPs for proper classification, and when required, for need, technical adequacy of design, producibility, and impact on quality, reliability, schedule and cost; submit comments to the contracting office.	Engineering (Code 200) and Codes 400, 15X	Contracts (Code 400) and Codes 200, 15X, 190	Contracts (Code 400) and Codes 200, 117, 15X	Contracts Code 400 and Code 200, 15X
(47)	Assist in evaluating and make recommendations for acceptance or rejection of waivers and deviations.	Engineering (Code 200), and Codes 15X, 400	Engineering (Code 200), and Codes 15X, 400	Engineering (Code 200), and Codes 117, 15X	Engineering (Code 200), Codes 15X, 400
(48)	Evaluate and monitor the contractor's procedures for complying with procedures regarding restrictive markings on data.	Security (Code 940) and Codes 15X, 200	Security (Code 190) and Codes 15X, 200	Security (Code 190) and Codes 15X, 200	Logistics (Code 500)
(49)	Monitor the contractor's value engineering program.	Engineering (Code 200)	Project Office (Code 15X) and Code 200	Engineering (Code 200) and Codes 117, 15x	Engineering (Code 200)
(50)	Review, approve or disapprove, and maintain surveillance of the contractor's purchasing system (see Part 44).	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(51)	Consent to the placement of subcontracts.	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400)	Contracts (Code 400)
(52)	Review, evaluate and approve plant or division-wide small, small disadvantaged and women-owned small business master subcontracting plans.	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400)	Contracts (Code 400)
(53)	Obtain the contractor's currently approved company, or division-wide plans for small, small disadvantaged and women-owned small business subcontracting for its commercial products, or, if there is no currently approved plan, assist the contracting officer in evaluating the plans for those products.	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400)	Contracts (Code 400)

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(54)	Assist the contracting officer, upon request, in evaluating an offeror's proposed small, small disadvantaged and women-owned small business subcontracting plans, including documentation of compliance with similar plans under prior contracts.	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 117, 15X	Contracts (Code 400)
(55)	By periodic surveillance, ensure the contractor's compliance with small, small disadvantaged and women-owned small business subcontracting plans and any labor surplus area contractual requirements; maintain documentation of the contractor's performance under and compliance with these plans and requirements; and provide advice and assistance to the firms involved, as appropriate.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(56)	Maintain surveillance of flight operations.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(57)	Assign and perform supporting contract administration.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(58)	Ensure timely submission of required reports.	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 117, 15X	Contracts (Code 400)
(59)	Issue administrative changes, correcting errors or omissions in typing, contractor address, facility or activity code, remittance address, computations which do not require additional contract funds and other such changes (see 43.101).	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 117, 15X	Contracts (Code 400)

Item	**FAR 42.302 (a)**	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(60)	Cause release of shipments from contractor's plants according to the shipping instructions. When applicable, the order of assigned priority shall be followed; shipments within the same priority shall be determined by date of the instruction.	NFLC Norfolk Detachment SUPSHIPBA (Code 500), and Contracts (Code 400)	NFLC Norfolk Detachment SUPSHIPGR (Code 500), and Contracts (Code 400)	NFLC JAX Detachment SUPSHIPGC (Code 500), and Contracts (Code 400)	NFLC Norfolk Detachment SUPSHIPNN (Code 500), Contracts (Code 400)
(61)	Obtain contractor proposals for any contract price adjustments resulting from amended shipping instructions. Review all amended shipping instructions on a periodic, consolidated basis to ensure that adjustments are timely made. Except when the ACO has settlement authority, the ACO shall forward the proposal to the contracting officer (PCO) for contract modification. The ACO shall not delay shipments pending completion and formalization of negotiations of revised shipping instructions.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(62)	Negotiate and/or execute supplemental agreements, as required, making changes in packaging subcontractors or contract shipping points.	Contracts (Code 400) and NFLC Norfolk Detachment SUPSHIPBA (Code 500), 15X	Contracts (Code 400) and Codes 500, 15X	Contracts (Code 400) and Code 500	Contracts (Code 400) and Code 500
(63)	Cancel unilateral purchase orders when notified of non-acceptance by the contractor. The ACO shall notify the contracting officer when the purchase order is cancelled.	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400)	Contracts (Code 400)

Item	FAR 42.302 (a)	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(64)	Negotiate and execute one-time supplemental agreements providing for the extension of contract delivery schedules up to 90 days on contracts with an assigned Criticality Designator of C. Notification that the contract delivery schedule is being extended shall be provided to the contracting office (PCO). Subsequent extensions on any individual contract shall be authorized only upon concurrence of the contracting office.	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400)	Contracts (Code 400)
(65)	Accomplish administrative closeout procedures.	Contracts Code 400, and Codes 140, 200, 300, NFLC/500, 15X, 940	Contracts Code 400, and Codes 140, 190, 200, 300, 500, 15X	Contracts Code 400, and Codes 200, 300, 500, 117, 15X	Contracts Code 400, and Codes 140, 190, 200, 300, 500, 15X and 1800
(66)	Determine that the contractor has a drug-free workplace program and drug-free awareness program.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(67)	Support the program, product and project offices regarding program reviews, program status, program performance, and actual or anticipated program problems	Project Office (Code 15X) and Codes 400, 200, 300, 500	Project Office (Code 15X) and Codes 400, 200, 300, 500	Project Office (Codes 117, 15X) and Codes 200, 300, 400, 500	Contracts (Code 400), and Engineering (Code 200), Business Review (Code 160), Quality Assurance (Code 300), and Logistics (Code 500)

Item	FAR 42.302 (a)	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(68)	Monitor the contractor's environmental practices for adverse impact on contract performance or contract cost, and for compliance with environmental requirements specified in the contract. ACO responsibilities include--(i) Requesting environmental technical assistance, if needed; (ii) Monitoring contractor compliance with specifications requiring delivery or use of environmentally preferable products, energy-efficient products, products containing recovered materials, and bio-based products. This must occur as a part of the quality assurance procedures set forth in Part 46; and (iii) As required in the contract, ensuring that the contractor complies with the reporting requirements relating to recovered material content utilized in contract performance (see Subpart 23.4).	Environmental and Safety Office (Code 140) and Code 15X	Environmental and Safety Office (Code 140) and Code 15X	Environmental and Safety Office (Code 140) Code 117, 15X	Environmental and Safety Office (Code 140)
(69)	Administer commercial financing provisions and monitor contractor security to ensure it provides continued adequacy to cover outstanding payments, when onsite review is required.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(70)	De-obligate excess funds after final price determination.	Contracts (Code 400)	Contracts (Code 400) and Code 107	Contracts (Code 400) and Code 700	Contracts (Code 400) and Code 700
(71)	Ensure contractor has implemented requirements of 52.203-13, Contractor Code of Business Ethics and Conduct.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)

Item	FAR 42.302 (b)	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(1)	Negotiate and/or execute supplemental agreements incorporating contractor proposals resulting from change orders issued under the Changes clause. Before completing negotiations, coordinate any delivery schedule change with the contracting office (PCO).	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(2)	Negotiate prices and execute priced exhibits for unpriced orders issued by the contracting officer under BOAs.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(3)	Negotiate and/or execute supplemental agreements changing contract delivery schedules.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(4)	Negotiate and/or execute supplemental agreements providing for the de-obligation of unexpended dollar balances considered excess to known contract requirements.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(5)	Issue amended shipping instructions and, when necessary, negotiate and execute supplemental agreements incorporating contractor proposals resulting from these instructions.	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	Contracts (Code 400) Code 117, 15X, 500	Contracts (Code 400)
(6)	Negotiate changes to interim billing prices.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(7)	Negotiate and definitize adjustments to contract prices resulting from exercise of an economic price adjustment clause (see Subpart 16.2).	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(8)	Issue change orders and negotiate and execute resulting supplemental agreements under contracts for ship construction, conversion and repair.	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	Contracts (Code 400), Code 117, 15X (as delegated by ACO)	Contracts (Code 400)

Item	FAR 42.302 (b)	**Bath** Responsible Code (Primary in bold)	**Groton** Responsible Code (Primary in bold)	**Gulf Coast** Responsible Code (Primary in bold)	**Newport News** Responsible Code (Primary in bold)
(9)	Execute supplemental agreements on firm-fixed-price supply contracts to reduce required contract line item quantities and de-obligate excess funds when notified by the contractor of an inconsequential delivery shortage, and it is determined that such action is in the best interests of the government, notwithstanding the default provisions of the contract. Such action will be taken only upon the written request of the contractor and, in no event, shall the total downward contract price adjustment resulting from an inconsequential delivery shortage exceed $250.00 or 5 percent of the contract price, whichever is less.	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	Contracts (Code 400)	Contracts (Code 400)
(10)	Execute supplemental agreement to permit a change in place of inspection at origin specified in firm fixed-price supply contracts awarded to non-manufacturers, as deemed necessary to protect the government's interests.	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	Contracts (Code 400)	Contracts (Code 400)
(11)	Prepare evaluations of contractor performance in accordance with Subpart 42.15.	Contracts (Code 400) and Codes 15X, 300	Contracts (Code 400) and Codes 15X, 300	Contracts (Code 400) and Codes 117, 15X, 300	Contracts (Code 400) and Codes 15X and 300

Item	**DFAR 242.302**	**Bath** Responsible Code Primary in Bold	**Groton** Responsible Code Primary in Bold	**Gulf Coast** Responsible Code Primary in Bold	**Newport News** Responsible Code Primary in Bold
(a)(7)	See 242.7502 for ACO responsibilities with regard to receipt of an audit identifying significant accounting system or related internal control deficiencies.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(a)(9)	For additional contract administration functions related to IR&D/B&P projects performed by major contractors, see 242.771-3(a).	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(a)(12)	Also perform all payment administration in accordance with any applicable payment clauses.	Contracts (Code 400)	Comptroller (Code 107)	Contracts (Code 400)	Contracts (Code 400)
(a)(13)(A)	Do not delegate the responsibility to make payments to the DCMA	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(a)(13)(B)	Follow the procedures at PGI 242.302(a)(13)(B) for designation of paying offices.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(a)(39)	See 223.370 for contract administration responsibilities on contracts for ammunition and explosives.	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)	Contracts (Code 400)
(a)(67)	Also support program offices and buying activities in pre-contractual efforts leading to a solicitation or award.	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Code 117, 15X	Contracts (Code 400)

Item	**DFAR 242.302**	**Bath** Responsible Code Primary in Bold	**Groton** Responsible Code Primary in Bold	**Gulf Coast** Responsible Code Primary in Bold	**Newport News** Responsible Code Primary in Bold
(a)(S-70)	Serve as the single point of contact for all Single Process Initiative (SPI) Management Council activities. The ACO shall negotiate and execute facility-wide class contract modifications and agreements for SPI processes, when authorized by the affected components.	Contracts (Code 400) and Codes 200, 300, 130, and 15X	Contracts (Code 400) and Codes 200, 300, 130, and 15X	Contracts (Code 400) and Codes 200, 300, 180, 117, and 15X	Contracts (Code 400), Codes 200, 300, 500, 130, and 15X
(a)(S-71)	DCMA has responsibility for reviewing EVMS plans and for verifying initial and continuing contractor compliance with DoD EVMS criteria. The contracting officer shall not retain this function.	DCMA	Contracts (Code 400)	DCMA	DCMA
(b)(S-70)	Issue, negotiate and execute orders under BOAs for overhaul, maintenance and repair.	Contracts (Code 400)	Contracts (Code 400) and Code 15X	Contracts (Code 400) and Codes 117, 15X	Contracts (Code 400)

Appendix 5-B: Communications Planning

Introduction

This appendix is provided to aid SUPSHIP project offices in the development of a project communications plan. It consists of a methodology for communications plan development, a sample collection of communications that may be included in a communications matrix, and a copy of a Word template that can be used to simplify the writing and formatting of the communications plan.

Communications Plan Methodology

A communications plan facilitates effective and efficient communications with the various stakeholders involved in a project. The plan describes how project communications should occur in order to provide an accurate, timely, and necessary flow of information.

The steps below provide a basic methodology for developing a communications plan. It is not intended to be all-inclusive, but to offer suggestions for laying the foundation for a project oversight communications plan. The plan should be living guide to the communication process; therefore, it should be built upon and modified to accommodate changes in the information requirements of project stakeholders.

1. Describe the objective of the communications plan. For example:

    a. Ensure accurate, timely flow of information to the project's stakeholders (i.e., right info to right person in right format at right time with right impact).

    b. Promote stakeholder confidence in knowing the status of the project. Ensure no stakeholder feels "in the dark". Help prevent short-fused demands for information.

    c. Establish communication priorities for the project office.

2. Determine the scope of the communications plan (if not addressed in plan objectives). The scope should be narrow enough to make the plan manageable, but broad enough to address principal stakeholders. Consider identifying scope by:

    a. Internal/external communication

    b. Government/non-government organizations

    c. Nature of information being communicated: design, technical, EVM, financial, resources, subcontracts, etc.

    d. Define type of communication: Interactive (QPPR), "Push" communications (e.g., PMR quarter/weekly reports) or "Pull" communications (CDRLs, EVM data), required report, formal briefing, schedule meetings, informal meetings, etc.

3. Determine and assess the target audience. Who are the principal participants and stakeholders? What are the levels of interest, expectations, importance, and influence for each participant? How do they impact the project? What do they want to know?

4. Develop a communications matrix. (Appendix 5-B lists many communications currently used). For each type of communication, the matrix may address:

   a. Level of communication (ASN (RD&A)), NAVSEA leadership, SUPSHIP leadership, project/program office, etc.)

   b. Title/type/nature of communications (required report or brief, scheduled meeting, EVMS review, etc.)

   c. Description/purpose

   d. Participants/distribution

   e. Parties responsible (the communicator may not be the same as the persons responsible for collecting/assembling the information communicated)

   f. Format/media/vehicle (e.g., email, written report, face-to-face meeting, teleconference, etc.)

   g. Periodicity (e.g., quarterly, monthly, weekly, as needed, etc.)

   h. Output – what is the intended result of the communication?

5. Other considerations. Consider communications-related problems from other projects. Are there any lessons learned that should be addressed in the plan? Are there any restrictions, permissions or other special requirements that should be included? How can the plan help avoid pitfalls, such as?

   a. Late identification of issues that result in significant impact to project schedule, cost, quality, ship capabilities, etc.

   b. Constructive changes

   c. Inaccurate/inappropriate response to media queries

   d. Disparities in SUPSHIP and program office assessment of project status

   e. Disagreement over need for Bell-ringer

   f. Inappropriate release of business sensitive information

Sample Communications for Consideration in Communications Plan

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
Command Leadership Team	PCO Agenda Meeting	Discussion of ship's agenda items and issues with the crew or PCU	Face-to-Face	Code 100, 101, 102 or 150, PMR / DPMR, CO, PCO	Weekly	Resolution of agenda items
	Executive Meeting with Supervisor	Open forum discussion from facilities to individual ship class problems, enterprise and sector issues	Face-to-Face	Code 100, 101, 102 or 150, PMR / DPMR, shipbuilder VP	Weekly	Scheduled informal transfer of knowledge; specific actions are uncommon
	QA/Engineering Ops/VP with Supervisor	Open forum discussion from facilities to individual ship class problems, enterprise and sector issues	Face-to-Face	Code 100, 101, 102 or 150, shipbuilder VP	Weekly	Scheduled informal transfer of knowledge; specific actions are uncommon
	VP reports	High level construction and EVMS reports from VPs	Face-to-Face	Code 100, 101, 102 or 150, shipbuilder VP	Weekly	Contractor management report to contractor executives
	Senior Management Meeting (CVN CO Agenda Meeting)	Ktr provides detailed status of all work items and issues impacting schedule and production metrics briefing	Onsite/telcon	PM Office, SDM, SUPSHIP proj/eng, TYCOM, SF, ISIC, NRRO, PARMs, AIT Manager, PY, shipbuilder, other repair activities	Weekly	
	War Room Brief	Biweekly nuclear repair brief	PowerPoint/ telcon	SEA 04X, SEA 04Z, PM Office, SEA 08 Codes, SUPSHIP	Biweekly	

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
	NAVSEA 04 / Supervisors Meeting	Monthly telcon to disseminate information and discuss top three issues at each SUPSHIP	Telcon	SEA 04, SEA 04Z, All SUPSHIPs C100, 101, 102, 150	Monthly	
	NAVSEA 00 Brief	Flag level status of all Projects at shipyard.	Electronic report to dist. and telcon	SEA 00, SEA 04, SEA 04Z, SUPSHIP	Quarterly	
	Emergent situation report	Early notification of high visibility issues	Telcon/ email	PM, PEO, SEA 00, SEA 04, SEA 04Z, Fleet, SUPSHIP	As required	
	Accident, incidents, and unusual event reports	Notification of significant events impacting a project.	As directed by NAVSEA ltr 3501 Ser 04/152 of 28 Jul 2017	SEA 00/SEA 04/SEA 08/PEO, SUPSHIP	As required	
Projects / Program	Program/Project office meeting (PM to PMR)	Discuss high level program issues	Face-to-Face	PMR/DPMR, shipbuilder PM	Weekly	Actions to resolve
	Contractor Weekly Reports	Provide detailed cost and schedule data from the contractor	Electronic report to distribution	PMR/DPMR, shipbuilder PM	Weekly	Shared knowledge
	Event Hotwash meeting	Post-event discussion of improvements and best practices	Face-to-Face	PMR/DPMR, shipbuilder PM	As required	Actions to resolve; capture lessons learned
	Program Lessons Learned	Discusses past ship and current ship issues and applicability to future ships	Face-to-Face	PMR/DPMR, shipbuilder PM	As required	Actions to resolve
	Risk Management	Identify and quantify program risk	Electronic report to distribution	PM, PMR/DPMR, shipbuilder PM	As required	Risk register maintenance

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
	Letters	Formal program communication	Written letter	All levels of chain of command with shipbuilder counterpart	As required	Responses
	Schedule Meeting	Discussion on production schedule, concerns impacts, etc.	Face-to-Face	PMR/DPMR, shipbuilder PM, Navy/contractor production leads Navy/contractor	Weekly	Understanding of Critical Path and resolution of schedule issues
	INSURV Pre-Brief	Update INSURV on configuration changes and coordination of trial events	Face-to-Face	PM, program office representatives, SDM, INSURV, PMR/DPMR, shipbuilder PM	As required	Coordination, knowledge sharing
	INSURV Brief	Brief INSURV on readiness for trials	face-to-face	PM /PM Office, SDM, SUPSHIP proj/eng, SF, contractor	As required	
	Availability Planning	PSA planning	Face-to-face or telcon	PM Office, SDM, SUPSHIP proj/eng, TYCOM, SF, contractor	Weekly	
	Work Definition Conference	Introduction of key participants and continued refinement of work scope and roles and responsibilities	face-to-face	PM / PM office, SDM, SEA 04, SEA 08 Codes, SUPSHIP proj/eng/QA/ contracts, TYCOM, SF, contractor, NFLC	As required	

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
	Ship's Arrival Conference /	Indoctrinate SF in the inner workings of the shipyard and SUPSHIP	face-to-face	PM / PM OFFICE, SDM, SEA 04, SEA 08 Codes, SUPSHIP proj/eng/QA/ contracts, TYCOM, SF, contractor, NFLC	As required	
Production	Daily Production Meeting	Discuss critical production events. Production and technical issues.	Face-to-Face	Hull managers/ship superintendents, contractor shipboard or area management team	Daily	Schedule priority and identification of issues requiring attention. Coordination meeting amongst crafts/trades and government.
	Waterfront Daily Written Report	Brief waterfront daily report - 1/2 page to full page	Written Report	SUPSHIP project office	Daily	
	Situational Report to APM / DPM	Discuss resolution and status of open issues.	Telcon / Email	APM, SUPSHIP project office	Daily	
	Event based readiness review	Stakeholders concur that all event prerequisites have been met and ship configuration status is acceptable to proceed with the event.	Onsite with slide presentation	PM /PM OFFICE, SDM, SUPSHIP proj/eng, SF, contractor	As required	
	Daily Informal Communications	Ad hoc discussion that does not fit in other stated categories	Face-to-Face or Telephone	All levels of chain of command with shipbuilder counterpart	Daily	Information exchange
	Product Walkthrough	Independent look of ship's progress, safety and quality	Face-to-Face	All levels of chain of command with shipbuilder counterpart	Weekly	Informal outbrief

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
	Weekly Construction Report	Construction metrics - Include status of Key Event Schedule, executive and upcoming events. EVM snapshot, ILS issues, project officer concerns and other interest areas.	Electronic report to distribution	PEO, PM, Fleet, contractor	Weekly	Understanding of customer's perspective
	Project Office Construction Status Report	Construction metrics - Include status of Key Event Schedule, executive and upcoming events. EVM snapshot, ILS issues, project officer concerns and other interest areas.	Electronic report to distribution	PM Office, TYCOM, SF, SUPSHIP	Weekly	
	Meeting with ISIC Representative	Discuss resolution and status of open issues.	Face-to-Face or telcon	SUPSHIP project office, ISIC representative	As needed, at least weekly	
	Shipyard Discrepancy Tracking System Meeting	Identification of Engineering Reports, work to be shifted	Face-to-Face	Production Officer, QA Lead, Project Engineer with shipbuilder counterparts	Weekly	Decision on when to complete work
	Government Liabilities (Government Action Matrix)	Government Actions shipbuilder waiting on	Face-to-Face	Production Officer, QA Lead, Project Engineer with shipbuilder counterparts	Weekly	Prioritization of government workload to support the shipbuilder; focused on items that effect production
	EVMS Review	Evaluation, analysis and discussion of Ktr EVMS data.	Report of metrics and written analysis	PM, SUPSHIP project/ business offices	Monthly	

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
	Production Budget Execution Meeting	Detailed look at earned value/bill management	Face-to-Face	Production Officer with shipbuilder counterpart	Weekly	Understanding of Critical Path and resolution of schedule issues
Quarterly Program Review		Review of program status (for Program Managers)	Onsite with slide presentation	PM, SEA 05, SEA 04 SUPSHIP proj/eng/ QA/Business, all primes	Quarterly	Knowledge Sharing and Action item list
	Government QPPC Brief	Government only discussion prior to QPPC with Ktr.	Onsite with slide presentation	PM / PM Office, SDM, SEA 04, SEA 08 Codes, SUPSHIP proj/eng/QA/contra cts, TYCOM, SF, NFLC	Quarterly	
	Government Financial Review	Government only portion of QPPC.	Onsite with slide presentation	PM / PM Office, SUPSHIP proj/ business, SEA08 codes	Quarterly	
Ships Force	SF weekly meeting	Keep SF personnel informed of production status and address PCO/CO concerns	Face-to-Face	PMR / DPMR, CO, PCO, Production Officer and key wardroom members	Weekly	Knowledge Sharing and Action item list
Technical	Checkpoints/inspec tions	Certify progress and evaluate.	Face-to-Face	All levels of chain of command with shipbuilder counterpart	As required	Approval or certification
	Technical Issue Discussion	Discuss resolution and status of open technical issues.	Telcon	PM Office, SDM, SUPSHIP proj/eng. TYCOM, SF, contractor	Twice per week	

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
	CDRL Response	Fulfill contractual obligations	Written letter	PM, SEA 05, SUPSHIP various codes, all primes, PMR/DPMR	As required	Formal government disposition of CDRL submittals
	Class Design Review	Review proposed and pending changes to a class of ships	Onsite with slide presentation	PM, SEA 05, SUPSHIP various codes, all primes, PMR/DPMR	Weekly	Class improvement plan
	QA Executive Council	Discussion on quality concerns and resolution of concerns that cannot be solved at the weekly CAR meeting	Face-to-Face	QAO, PMR/DPMR, contractor QA director production director and staff	Weekly	Senior level direction
	QA Council	Inform craft directors of quality issues/trends	Face-to-Face	QAO, shipbuilder VP Quality, others as required	Quarterly	Action plans to resolve negative trends, issue bulletins to inform
	Engineering QA Review	Resolve disputed CARs and address trend analysis	Face-to-Face	PMR/DPMR, QA Hull Lead, Project Engineer with shipbuilder counterparts	Weekly	CAR resolution and reduction
Event Readiness Reviews	Event Based Readiness Review	Stakeholders concur that all event prerequisites have been met and ship configuration status is acceptable to proceed with the event.	Onsite with slide presentation	PMS Representation, SEA 05, project office, SUPSHIP - codes determined by event, contractor SMEs, program and hull management	As needed	Stoplight Chart and/or decision to proceed
Test & Trials	Weekly Test Status	Current test status, test issues, etc.	Face-to-Face	Test Officer and shipbuilder/integrator test management	Weekly	Test status report and trend data

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
	Trials Readiness Review	Review readiness for trials by INSURV category	Onsite with slide presentation	PM/PM Office, SDM, SUPSHIP Proj/Eng, SF, contractor	Twice weekly at three months, weekly last six weeks, daily last few weeks	
Business	CPR/EVMS Review	Analysis of contractor's cost and schedule performance	Onsite with slide presentation	PMR/DPMR, shipbuilder PM, ACO	Monthly	Understanding of contractor's cost and schedule performance
	Contractor Performance Assessment Reporting System	The CPARS is a web-based system used to input data on contractor performance	Web-based in writing	PM, PMR/DPMR, PCO, ACO	Per contract	CPARS is used as an aid in awarding contracts to contractors that consistently provide quality, on time products and services that conform to contractual requirements. CPARS can be used to effectively communicate contractor strengths and weaknesses to source selection officials.
	Program Finance Meeting	Determine funding requirements	Face-to-Face	PMR/DPMR, shipbuilder PM, ACO	Biweekly	Properly funded contract
	FM Weekly Telcon	Discuss resolution and status of technical, cost, schedule and configuration issues.	Telcon	PM Office, SEA 08 Codes, SUPSHIP project office	Weekly	
	Change Meetings	Scope identification and timeline of change incorporation	Face-to-Face	PM, PMR/DPMR, shipbuilder PM, APM, Configuration Manager	Weekly	Change plan

Level of Communication	Meeting/ Communication	Description/ Purpose	Format	Suggested Recipient / Participant	Suggested Frequency	Output
	Configuration Management Team / Contract Change Status Meeting	Discuss status and resolve issues related to change approval, implementation and documentation.	Onsite/ telcon	PM Office, SUPSHIP proj/ Contracts, contractor	Weekly (contract change biweekly)	
	Contract status meeting	Discuss status and resolve issues related to change approval, critical path contract actions	Face-to-Face or Telephone	Shipbuilder, ACO, PMR, DPMR, PCO	Weekly	Minimize production delays and program cost

SUPSHIP Project Management Communications Plan Template

The following Microsoft Word template will help automate the process of writing a communications plan. This template enables the project office to employ a standard format while uniquely tailoring the details of the communications plan to a specific project. A printed version of the template follows, but the electronic version is available for download from the SOM page of the SUPSHIP website.

Supervisor of Shipbuilding, Conversion and Repair

<LOCATION>

<PROJECT NAME>

COMMUNICATIONS PLAN

Version *<1.0>*

<mm/dd/yyyy>

VERSION HISTORY

[Use the table below to provide the version number, the author implementing the version, the date of the version, the name of the person approving the version, the date that particular version was approved, and a brief description of the reason for creating the revised version.]

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason
1.0	*<Author name>*	*<mm/dd/yy>*	*<name>*	*<mm/dd/yy>*	*<reason>*

SEA 04Z Template Version: 1/14/2011

Note to the Author

[This document is a communications plan template for a SUPSHIP ship construction or ship repair project. The template includes instructions to the author, boilerplate text, and fields that should be replaced with the values specific to the project.]

- *Blue italicized text enclosed in square brackets ([text]) provides instructions to the document author, or describes the intent, assumptions and context for content included in this document.*

- *Blue italicized text enclosed in angle brackets (<text>) indicates a field that should be replaced with information specific to a particular project.*

- *Text and tables in black are provided as boilerplate examples of wording and formats that may be used or modified as appropriate to the specific project. <u>These are offered only as suggestions to assist in developing the communications plan and are not mandatory formats.</u>*

When using this template for your project document, it is recommended that you follow these steps:

1. *Replace all text enclosed in angle brackets (i.e., <Project Name>) with the correct field values. These angle brackets appear in both the body of the document and in headers and footers. To customize fields in Microsoft Word (which display a gray background when selected):*
    a. *For Word 2003 and earlier, select File>Properties>Summary and fill in the Title field with the Document Name and the Subject field with the Project Name. For Word 2007/2010, select File>Show All Properties (right side) to edit these fields.*
    b. *Select File>Properties>Custom and fill in the Last Modified, Status, and Version fields with the appropriate information for this document. For Word 2007/2010, select File>Show All Properties (right side) to edit these fields.*
    c. *After you click OK to close the dialog box, update the fields throughout the document with these values by selecting Edit>Select All (or Ctrl-A) and pressing F9. Or you can update an individual field by clicking on it and pressing F9. This must be done separately for Headers and Footers.*
2. *Modify boilerplate text as appropriate to the specific project.*
3. *To add any new sections to the document, ensure that the appropriate header and body text styles are maintained. Styles used for the Section Headings are Heading 1, Heading 2 and Heading 3. Style used for boilerplate text is Body Text.*

4. *To update the Table of Contents, right-click and select "Update field" and choose the option- "Update entire table"*
5. *Before submission of the first draft of this document, delete this "Notes to the Author" page and all instructions to the author, which appear throughout the document as blue italicized text enclosed in square brackets.]*

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1 Introduction

1.1 Purpose and Objectives

[Provide the purpose and objectives of the communication management plan.]

To promote the success of the *<Project Name>* by meeting the information needs of project stakeholders. This communications plan defines the project's structure and methods of information collection, screening, formatting, and distribution, and outlines an understanding among project stakeholders regarding the actions and processes necessary to facilitate the critical links among people, ideas, and information necessary for project success.

The intended audience of this communications plan is the project office, program management office, shipbuilder, and other activities whose support is needed to carry out this communication plans.

1.2 Scope

[If not addressed in the Purpose and Objectives, identify the scope of communications covered by the plan, e.g., internal/external, government activities only, etc.]

This communications plan applies to communications between the SUPSHIP *<Project Name>* project office and organizations external to SUPSHIP *<location>.*

2 Stakeholder Identification and Analysis

The intended audience of the *<Project Name>* communications plan is the project office, program management office, shipbuilder, and other activities whose support is needed to carry out this communication plan.

[Insert the stakeholder analysis or provide a reference to where it is stored.]

Name	Title	Contact	Communication	Vehicle	Comments
<John Smith>	*<Manager>*	*<000-000-0000 joe@joe.com>*	*<Status Reports and Internal Project Status Meeting>*	*<Email, meeting, telcon, etc.>*	*<comments>*

3 Project Communications

3.1 Communications Matrix

[Insert the communication matrix or provide a reference to where it is stored. See SOM Ch 5, Appendix 5-B for a selection of sample communications.]

Vehicle	Target	Description Purpose	Frequency	Owner	Distribution Vehicle	Internal/ External	Comments
<Status Report>	*<All Stakeholders>*	*<One-page communication of project progress and deliverable status>*	*<Weekly>*	*<Joe Smith>*	*<Email>*	*<Internal>*	*<comments>*

[The sections below may not be necessary if they have been addressed in the Communications Matrix.]

3.2 Project Meetings

[Insert the project meeting schedule or provide a reference to where it is stored.]

Meeting	Description Purpose	Frequency	Owner	Internal/ External	Comments/ Participants
<Status Meeting>	*<Communication of project progress and deliverable status>*	*<Weekly>*	*<Joe Smith office>*	*<Internal>*	*<comments>*

3.3 Project Reporting

[Insert the project reporting schedule or provide a reference to where it is stored.]

Meeting	Description Purpose	Frequency	Owner	Internal/ External	Comments/ Distribution List
<Status Report>	*<Communication of project progress and deliverable status>*	*<Weekly>*	*<Joe Smith>*	*<Internal>*	*<comments>*

3.4 Other Communications

[Insert the project reporting schedule or provide a reference to where it is stored.]

Vehicle	Description Purpose	Frequency	Owner	Internal/ External	Comments/ Distribution List
<Status Report>	*<Communication of project progress and deliverable status>*	*<Weekly>*	*<Joe Smith>*	*<Internal>*	*<comments>*

Communications Plan approval

The undersigned acknowledge they have reviewed the *<Project Name>* Communications Management Plan and agree with the approach it presents. Changes to this communications plan will be coordinated with and approved by the undersigned or their designated representatives.

[List the individuals whose signatures are desired. Examples of such individuals are the Supervisor, Program Manager, Shipbuilder's project officer and Program Manager's Representative (PMR). Add additional lines for signature as necessary. Although signatures are desired, they are not always required to move forward with the practices outlined within this document.]

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

APPENDIX A: REFERENCES

[Insert the name, version number, description, and physical location of any documents referenced in this document. Add rows to the table as necessary.]

The following table summarizes the documents referenced in this document.

Document Name and Version	Description	Location
<Document Name and Version Number>	*[Provide description of the document]*	*<URL or Network path where document is located>*

Appendix 5-C: Types of Delays and Methods for Determination

Delays in Performance

The project office must take timely and necessary action to avoid government-caused delays in contract performance. These delays can have significant impact on the contractor's planned schedule and production processes with the potential for cost overruns, delayed delivery, contractor entitlement to equitable adjustments in the contract price, or result in substantiation of a contractor claim. In general, the contractor bears the risk of both time and cost for delays, but is excused for delays caused by factors for which the contractor is not responsible.

Excusable Delays

In most cases, the contractor must bear the cost impact of excusable delays. In a contractor's facility, the government usually will compensate the contractor only for the cost of services provided for the benefit of the crew of the vessel, and no other costs. The government, however, will compensate the contractor for both the time and cost impact of delays caused by the government.

Generally, the contractor is not liable for any excess costs if failure to perform the contract arises from causes beyond the control and without the fault or negligence of the contractor. "Fault or negligence" deals with acts or omissions of the contractor which cause delay. Examples of events beyond the contractor's control and without the contractor's fault or negligence may include:

- Acts of God or of a public enemy. An "Act of God" has been defined as a "singular, unexpected, and irregular occurrence of a force of nature."
- Acts of government in either its sovereign or contractual capacity:
    - Contractual Acts. For a contractor to be excused by an act of the government in its contractual capacity, the contractor must show that delay resulted from the government's failure to perform its express or implied contractual duties.
    - Sovereign Acts. Sovereign acts which delay the contractor's performance may be grounds for excusable delays. In general, however, when the government's acts are for the general public good and are indirect in nature, the contractor is not excused for any resultant delay.
    - Strikes. In order to obtain an excusable delay for a strike, a contractor must prove that it acted reasonably by not wrongfully precipitating or prolonging the strike and took steps to avoid its effect. In the absence of a strike or other

enumerated cause of delay, a contractor is generally not excused for labor difficulties.

- Unusually severe weather. Normally, proof that weather is unusually severe is accomplished through the comparison of the United States weather statistics for past periods in the area with those recorded during the period of performance. When weather conditions are abnormal and unusually severe in their effect on the particular type of contract work being performed, the contractor may be entitled to excusable delay. In cases where the nature of the work requires specific environmental conditions and when the work is delayed because of weather conditions, the delays are excusable to the extent that the weather conditions exceed the normal weather delays contemplated for the period of the performance.

- Fires

- Floods

- Epidemics

- Quarantine restrictions

- Freight embargoes

- Bomb threats or terrorist action

In order for a contractor to be entitled to an excusable delay, the matter of whether the contractor could have foreseen the cause of the delay is considered, regardless of any excusable factors. If a delay is caused by a subcontractor and if the delay is beyond the control of both the contractor and subcontractor and without the fault or negligence of either, the contractor is excused for the delay unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the contractor to meet the required delivery schedule. Delays caused by sole source subcontractors, even those designated by the government, do not qualify for excusable delays if the subcontractor is at fault. When the government directs the installation of a sole source item, it represents only that the requirements of the contract can be met by using that item; however, such representation is predicated on the assumption that the item has been properly manufactured and timely delivered by the vendor and that it will be installed properly and timely by the contractor.

Non-Excusable Delays

Contractors are typically held responsible for subcontractor delays and delays caused by insufficient working capital. Subcontractor delays involve non-excusable delays caused by a shipbuilder's own subcontractors. A shipbuilder assumes a non-delegable duty to perform a

construction contract, and it is generally no excuse to allege that a shipbuilder has been delayed by its own subcontractors. The shipbuilder can, of course, look to the subcontractor for any damages incurred as a result of such delay.

Neither does a lack of sufficient working capital constitute an excusable cause of delay. A shipbuilder is expected to have the financial ability to perform the contract. The shipbuilder's delay or failure to perform resulting from its inability to obtain money is ordinarily inexcusable regardless of the reason; whether due to an economic downturn, general financial distress, or failure of a third party on which it relied upon in furnishing support.

Compensable Delays

A contractor's ability to recover increased costs resulting from delays will depend on the cause of the delay, the nature of its impact on the contractor, and the contractual provisions dealing with compensation for delays. Generally, compensable delays result from government action or inaction, such as either changes in the work, the existence of a differing worksite condition than stated in the contract, an unreasonable suspension of work, or failure of the government to perform its duties under the contract

Government Delay of Work

If the contracting officer orders the contractor to suspend or stop work, the contractor will almost always be entitled to an equitable adjustment in both contract price and delivery schedule to compensate for the impact on contract performance. In other situations, the government will be at fault if it breaches its implied duty not to hinder or interfere with the contractor's performance or its implied duty to cooperate with the contractor. Generally, the government will be at fault when it is responsible for:

- delays in making the worksite available
- delays caused by interference with the contractor's work
- delays in providing required government reviews and approvals
- delays in providing funding
- delays in performing required inspection of work
- delays in issuing changes
- delays in furnishing GFP, GFM, GFE, or GFI
- delays which are unreasonable in duration

- delays caused by conflicting or defective government specifications

Excusable Delay Relief

A contractor is not entitled to relief upon the mere occurrence of an event which qualifies as an excusable delay. Even though a contractor can establish that an event or occurrence was unforeseeable, beyond its control, and occurred without its fault or negligence, the contractor is not entitled to an excusable delay unless the contractor can prove that the time lost resulted in delay to the completion of the contract. The contractor must establish the number of days of relief to which the contractor is entitled. Events may not be beyond the contractor's control if the contractor could have overcome the effects of the event, and further, when the event is considered foreseeable, the contractor may be held responsible for making alternative arrangements for performance.

The amount of equitable adjustment recoverable by a contractor is generally equal to the costs that were greater than those which would have been incurred without the compensable delay. Cost increases attributable to the delay, such as those associated with increased labor rates, time-related labor, equipment, insurance and overhead, if any, are usually accepted and negotiated. Acceleration costs are also recoverable against the government if they are incurred in mitigation of the effects of a compensable delay. When reviewing a contractor’s request for delay or acceleration costs, particularly unabsorbed overhead, it is helpful to confer with legal counsel in order to ensure application of the appropriate criteria to the specific alleged entitlement.

Concurrent Delay

Generally, in a case where the government and the contractor are each responsible for delay in completing the work, the government is barred from assessing liquidated damages against the contractor and the contractor is precluded from recovering delay damages. Concurrent delay does not bar extension of time, but it does bar monetary compensation for, among others, daily fixed overhead costs because such costs would have been on account of the concurrent delay even if the government responsible delay had not occurred.

Appendix 5-D: Configuration Management (CM)

Introduction

A critical design and engineering requirement during the design and construction process, for both the government and contractor, is to have a ship configuration management program in place. The program should be in accordance with NAVSEAINST 4130.12B, Configuration Management (CM) Policy and Guidance, and reference (z), TMIN-SL130-AB-GYD-010/CMP, Configuration Management Guidance Manual. A configuration management program is required to assist the contractor and government in maintaining an accurate and up-to-date account of the approved as well as proposed design changes to the hull structure, plus changes to installed components and systems configurations that do not comply with the previously approved required material listings and applicable drawings. This configuration control process must also interface with the weight control plan. SUPSHIP typically establishes a SUPSHIP Configuration Control Board (SCCB) that reviews and approves proposed design changes and ECPs and requests for deviation and waiver as appropriate. The PM and the SUPSHIP Project Officer, via the SCCB and CHENG, must have the capability to track the status of proposed changes to the “as designed” configuration and the decisions related to them. Engineering changes often have the potential to impact the production process and may add time and cost to the project if they are approved for implementation. Once an initial detailed design drawing signature block is signed/ approved, any change or revisions to that drawing must also be approved as defined in the approved Configuration Management Plan or similar contractually required configuration management document. The final revision to any drawing should reflect the detailed “as released” configuration of each compartment within the ship upon delivery. Accurately documenting the configuration of the ship or craft is not only critical for future maintenance and repair, but in particular, it is vital as the baseline for maintaining the stability requirements for the ship and during damage control events.

General Terms

Comprehension of this section is greatly enhanced by an accurate understanding of the following terms. These terms are fully described in reference (aa), MIL-HDBK-61A, Configuration Management Guidance (some active contracts may still refer to MIL-STD-973 that was cancelled and replaced by MIL-HDBK-61A).

- Engineering Change Proposal (ECP)
- Engineering Report (ER)
- Deviation
- Waiver

- Configuration

Generally, ECPs, ERs, deviations, and waivers result in an HMR or FMR, which in turn result in formal modifications to the contract issued on an SF 30. This section addresses the change request process pertaining to ECPs, deviations, waivers, HMRs, and FMRs.

Change Approval Authority for ECPs, ERs, HMRs, and FMRs

Approval authority for ECPs, ERs, HMRs, and FMRs are outlined in NAVSEAINST 4130.12B and should be governed by a MOA. The following sections provide general guidance.

General

All ECPs, ERs, HMRs, and FMRs will be approved only by duly authorized individuals acting within the scope of their authority. The recipients of these documents may act on them only when duly authorized individuals have signed them. This section establishes the requirement for written SUPSHIP delegation of authority to individuals in SUPSHIPs and SUPSHIP Detachment(s) to approve or disapprove ECPs, ERs and FMRs, which a SUPSHIP is authorized to approve or disapprove. A SUPSHIP may delegate more than one authority to an individual if personnel limitations required.

An HMR package consists of the HMR or ECP and any applicable drawings and/or applicable contract documentation and substitute specification pages. Both the HMR and the ECP are approved by duly authorized persons. The approved ECP is the basis for the HMR.

An FMR package consists of the FMR, the ECP/ER and, as necessary, drawings and/or applicable contract documentation and substitute specification pages. Both the FMR and the ECP are approved by duly authorized persons. The approved ECP is the basis for the FMR.

HMR Approval Authority

An HMR is the document required by the ACO as authority to implement an approved level III or higher ECP. Only individuals holding HMR approval authority may approve an HMR. HMRs received without an authorized signature are to be returned to the PM.

FMR Approval Authority

An FMR may be approved and signed only by an individual in SUPSHIP who is delegated such approval authority in writing by the ACO. The SUPSHIP letter of authority may specify any desired limitation on authority to approve FMRs.

ECP Approval Levels

The greater the technical, cost or schedule impact of a proposed change, the higher the organizational level of approval.

Levels of Organization Approval Authority

As noted in NAVSEAINST 4130.12B, the SOM establishes the four levels of organizational authority:

Level I CNO

Level II COMNAVSEA

Level III PM

Level IV SUPSHIP or Participating Manager

The following sections describe the standard change approval authority at each of the four organizational levels. SUPSHIPs are authorized to exercise level IV authority for all PMs.

Level I

The following ECPs require CNO approval:

- All proposed changes to the military characteristics of new construction ships or conversions. Military characteristics encompass all features that are operational in significance, as well as any items specified in the OPNAV instruction detailing the characteristics of the particular ship or class. This includes equipment set forth in the Approved Electronics Equipment List and the Weapons Installation Plan appendices to the characteristics.

- All proposed changes to technical specifications (except the correction of errors and inconsistencies) which would increase the end cost of a ship project in a particular fiscal year SCN program above the end cost published in the latest CNO-approved Ship Cost Adjustment (SCA) Report.

- All proposed changes to technical specifications (except the correction of errors and inconsistencies) which would delay delivery of a ship beyond the contract delivery date or the most recent NAVSEASYSCOM estimated delivery date, if later than the contract date.

Level II

The following ECPs require COMNAVSEA approval:

- All proposed changes where an organizational member of a PM CCB or a change sponsor has filed a reclama to a change approval/disapproval action taken by a PM.

- Proposed changes affecting more than one PM where a common decision among all affected PMs cannot be reached.

Level III

The following ECPs require PM approval:

- ECPs originated by a SUPSHIP, a Prospective Commanding Officer (PCO) or a ship acquisition contractor, including subcontractors, that:

    - affect contract delivery date

    - affect contract guarantees or incentives

    - reduce ship or subsystem performance, stability or primary damage control characteristics beyond specified limits

    - affect contract standardization requirements (e.g., arrangements, components, design requirements)

    - increase cost of operation or maintenance (e.g., affect life cycle cost, reliability, maintainability, interchangeability)

    - affect hull strength, safety, electromagnetic, or underwater acoustic compatibility

    - introduce new logistic support requirements (e.g., parts support and modifications to existing retrofit kits, support equipment, training requirements, personnel, facilities, technical manual)

    - require retrofit/backfit in delivered ships to maintain a specified class standardization requirement

    - affect an established ship or subsystem interface with an item of GFE

    - are PCO-originated and not within the budget established for PCO changes for a specific ship

    - change or modify nuclear ships' propulsion plant systems, compartment arrangements, or assigned compartment function as defined in NAVSEAINST C9210.4

- change an entire system where such a change affects weight, or represents a departure from contract drawings, contract specifications or approved design criteria

- Those ECPs originated by a ship project participating manager, contractor(s), including subcontractors, or supporting government activities that: affect any technical performance requirements specified in the MOA, including Navy standards in existence on the date of the MOA, whether directly referenced or not; affect an established ship or subsystem interface; affect delivery dates contained in the MOA; or require additional funds beyond those in the latest MOA.

- ECPs originated by all Navy activities other than the activities are addressed above.

Level IV

ECPs that may be approved at the SUPSHIP level include those ECPs originated by a ship construction or conversion contractor, including subcontractor, and those originated within a SUPSHIP organization by a PCO or by a trial board that:

- do not require higher level approval, as specified above; and,

- are within the changes budget established by the PM via the SPD or and MOA for the particular project.

Level IV ECPs Which SUPSHIP May Consider Essential

The approval authorities for HMRs and FMRs may designate changes which are considered essential and cannot be deferred for post-delivery accomplishment. When the approval authority for an FMR designates a change as essential, the approval authority will prepare and sign a determination that includes a rationale and justification for the determination. Since essential changes may be issued by unpriced contract modifications in order to permit immediate start of work on the change before pricing, the rationale must include sufficient data to justify the essential category. The authority of the ACO to execute an unpriced modification is limited for fixed-price type contracts. The FMR approval authority is to submit the determination to the ACO. The following are examples of essential changes/ECPs.

The following sections cover field-initiated ECPs which may be approved at level IV and, if approved, may be designated essential by the FMR approval authority.

Correction of Specification Defects

Field changes in this category may be initiated and approved at level IV when a system or component does not operate in accordance with the specifications and where the government is determined responsible for the deficiency.

The following are examples of changes in this category:

- Modification or replacement of CFM and installations of equipment to obtain correct operation when the deficiency results from an error or omission in the contract drawings or specifications. Such items would not fall within the scope of Section 042, General Administrative Requirements of the 1984 edition of the General Specifications for Ships of the U.S. Navy.

- Modification of the installation of GFE to make the equipment operate correctly when the deficient installation is the result of inaccurate information furnished by the government on the equipment or installation.

- Modification to correct safety-related deficiencies in government specifications and specified systems/equipment.

- Modification of systems already turned over to ship's force where defects discovered in operation are determined to be the responsibility of the government.

Submarine Non-Deviation (ND) Program

As a part of the Submarine Safety Program, NAVSEA Headquarters has designated as vital certain non-nuclear systems and areas of nuclear submarines for establishing deep-diving capabilities. Working drawings and other data on these systems and areas are furnished to the contractor and must be followed without deviation, unless deviations are approved by NAVSEA Headquarters (SEA 05/07/08/SDM).

Upon receipt of an ND drawing or drawing revision, the contractor may choose to request a deviation. If the deviation is approved, the contractor can proceed in the manner requested without further authority as long as the procedure meets the specifications.

Should the contractor elect not to request a deviation or should the request for a deviation be disapproved, the contractor must proceed in strict accordance with the ND drawing. If the ND drawing or portion conflicts with the specification, the SUPSHIP will advise Headquarters that a change in specifications is necessary. Changes in specifications may be required when the ND drawing or revision limits the contractor in the choice of material or the method of performing the work, and requires the contractor to incur additional costs which would not have been required under the contract before issuance of the ND drawing or drawing revision. The field activity should be alert that the reverse could also happen, by which the requirements could be lessened and the government could be entitled to a reduction in contract price. In either case, the field activity will notify NAVSEA Headquarters (SEA 05/07/08/SDM) that a specification change is required.

Field changes in this category may be initiated and approved at level IV only under submarine contracts which contain a provision that the government will furnish working drawings and other data for non-nuclear systems and areas vital to submarine safety.

Field-initiated changes are authorized and will be issued under the following circumstances:

- In order to maintain delivery schedules, the field activity has approved actions in the ND areas before the ND drawing is received. The approved ND drawing, when received, negates the earlier action. An FMR can be issued to cover the work and material made obsolete.

- Work is already in progress under an approved ND drawing when a revised ND drawing is issued which requires considerable rework, additional work, or material. An FMR may be issued to cover the rework or the additional work and material.

- An ND drawing (original issue) requires a particular type or method of installation which is within the scope of the applicable ship specifications but which imposes a restriction resulting in increased contractor costs in comparison with another identified method. The alternate method is one which could have been used within the scope of the specifications but which was not acceptable under the ND drawing requirements.

Trial Board Items to be Accomplished before Delivery

A field change may be initiated and approved at level IV to cover an item reported by the Trial Board and determined to be government-responsible by NAVSEA, and which must be accomplished prior to delivery. Each specific Trial Board item covered will be referenced in the contract modification.

Changes to Accomplish ORDALTs on NAVSEA Equipment

Field changes of this type may be initiated and approved at level IV to accomplish modifications to NAVSEA equipment that are authorized by ORDALTs.

Correction of GFM

A field change may be initiated and approved at level IV in order to correct defects in material provided by the government.

Improvements to Government Furnished Electronics Equipment

Field changes may be initiated and approved at level IV to accomplish improvements or modernization of government-furnished electronics equipment pursuant to requirements contained in an electronics field change or in an electronics information bulletin, provided the

article in the bulletin contains the reference to authority and the urgency of accomplishment and the funding source.

Contractor Preparation of Formal ECPs

A FMR may be initiated and approved at level IV when the contractor is requested to submit a formal ECP (regardless of whether or not it was preceded by a preliminary ECP) either under a contract containing a configuration clause or the change proposal clause providing the intent is to categorize the changed work, if approved, as essential. If the changed work is not to be considered essential, the FMR is to be processed as an optional FMR.

Changes in Provisioning or Allowances

An FMR may be initiated and approved at level IV to adjust the quantitative requirements for provisioning or allowances when the quantities to be changed are part of the configuration baseline.

Changes of Higher Tier Documents

An FMR may be initiated and approved at level IV when a specific authorization for such a change is contained in a NAVSEA or higher tier instruction or notice and is classified as essential by the authorization. If the change is not classified as essential, it will be considered as an optional change.

Changes Which SUPSHIP Shall Consider Optional

The approval authority for HMRs and FMRs will designate changes which can be deferred for post-delivery accomplishment as optional. The determination that a level IV change is optional establishes a requirement that the ACO must either implement the FMR by a priced contract modification or return it for cancellation.

Approved Value Engineering (VE) Projects

A VE change proposed by a contractor under a contract containing a VE clause may be approved at level IV after it is approved in accordance with the command's VE Program. VE changes so initiated will include only those in which the contractor will share in savings resulting from the change.

Correction of Design Deficiencies

The PCO, CO and ship's force bring to the ship acquisition process additional operational experience which provides constructive additions to the oversight capability of the SUPSHIP. Design deficiencies not identified during construction or conversion are often identified later because of this different perspective.

Habitability Improvements

The detailed ship specifications for construction or conversion provide specific requirements for fulfilling the CNO specified habitability standards for each design. These specifications, along with the approved allowance list for the ship, provide specific identification of material necessary to meet OPNAV-specified standards. Contract language may authorize the PCU to select color schemes where not previously directed, the selection of furniture or furnishings from approved catalogs or lists, and minor arrangement changes. Contractual changes that support habitability improvements desired by the PCO, CO and ship's force must be limited to the standards specified for the ship by CNO and the flexibility allowed by the ship specifications.

Industrial Assistance for Ship's Force

Requirements for industrial assistance to the ship's force arise where a ship's force work package is included as part of the total work package. The contract should detail the amount and scope of Assist Ship's Force (ASF) work. Occasionally, however, assistance not covered by the contract may be required. In this circumstance, a field-initiated change may be approved at level IV, provided:

- It would normally be expected to be approved as an alteration after delivery.
- The PM may limit funds, e.g., the price of the change, increase, or decrease is not in excess of $25,000 gross per ship. The change approval maximum of $25,000 per ship will be the initial maximum threshold at contract award. Depending on varying conditions during the ship engineering development and construction, and as conditions warrant, the SUPSHIP can request a desired threshold increase from the cognizant PM, who will approve or disapprove the request.
- It will result in no extension of delivery.
- The price adjustment will be within the limit established below.

The PM will establish a maximum accumulative price increase for each ship over which the SUPSHIP will have full authority. The maximum price increase is not established as a discretionary fund for the PCO or CO.

The PM and SUPSHIP are responsible for execution of construction and conversion contracts. The PCO and CO may advise the commanders and be responsible for the performance of ship's force work. While the responsibility for avoiding excesses such as waste, unauthorized alterations, imposition of personal taste for its own sake, and abuse of property rests primarily with the Supervisor, the PM and PCO or CO are also responsible for adhering to CNO guidance.

The use of a CO's discretionary allowance from SCN funding accounts is *prohibited*. Habitability items, such as furniture installed in accordance with the ship construction or conversion specifications, will not be removed or replaced solely to achieve a more aesthetically pleasing arrangement.

Funding for keel laying, launching, and commissioning ceremonial expenses for newly constructed or converted ships cannot be used for PCO or CO changes or assistance requests. Expenditures of SCN funds for assistance to ship's force are limited to augmenting the ongoing efforts of the ship's force with labor, ship assistance material, or equipment. It is inappropriate to purchase furniture or furnishings with such funds. *ASF funding will not be used for any alteration work, unless approved by the cognizant PM or Supervisor and documented by an appropriate HMR or FMR*.

NAVSEA will review all PCO- or CO-identified design deficiencies, requests for assistance for ship's force, and habitability change requests concurrent with SUPSHIP review. The cognizant PM will establish procedures for recording change requests and their subsequent approval or disapproval. Changes accepted will be processed as FMRs or HMRs, as appropriate. The PCO or CO will be advised of the action taken on each request. A separate monetary allowance will not be established for accomplishing changes requested by the PCO or CO.

Contract changes will be processed in accordance with this chapter. The field activity will advise the PCO or CO of these procedures.

No Cost or Reduced Cost Changes

A field change in this category may be initiated and approved within level IV authority to avoid rip-out or rework or to authorize items which do not conform to the letter of the specifications, provided the change results in cost savings and the installation made is satisfactory for the intended purpose.

A field change may be initiated and approved to relieve the contractor from accomplishing certain specification requirements prior to ship delivery, as permitted by un-starred, contractor-responsible items listed in the Trial Board Report. This authority is to be used only when the accomplishment of the corrective work by the contractor will delay ship delivery and the delay is unacceptable to NAVSEA Headquarters. If execution of a priced supplemental agreement prior to the departure of the ship is not possible, a work scope understanding is to be reached with the contractor before ship departure. A field-initiated change may be approved at level IV to cover defects and deficiencies discovered during the guarantee period, when correction of such deficiencies or defects is not to be accomplished by the contractor under the contract.

The FMR will indicate which of the above types of changes is involved, since there usually is a limitation of liability for correction of defects during the guarantee period. Normally, the changes under the above authority are processed as waivers; however, when the change is to be processed as an ECP, it will be processed under this authority. This authority may be used to initiate and approve at level IV field changes involving later military specifications or a section of the contract specifications, which simplify machinery items or systems, but do not alter their essential operation. Normally, such changes are processed as deviations; however, if it is felt that the deviation should be a permanent change applicable to future procurements and, therefore, processed as an ECP, it will be processed under this authority.

Field changes covering variances in specifications requirements may be initiated and approved at level IV for a variety of purposes, including:

- editorial corrections to the specifications
- minor plan rearrangements
- amplification of specification wording
- deletion of specification unnecessary requirements

In determining whether to initiate a field change, the FMR approval authority will consider the estimated cost to the government of processing the change. However, the estimated cost will not in itself constitute cause for non-acceptance. If a field change is initiated, the approval authority should consider if the change has applicability to future projects and notify the PM for inclusion in follow-on contracts.

Deviations

General

SUPSHIP can expect to receive contractor requests for deviations, especially when the contractor is procuring material and preparing working drawings. SUPSHIP, therefore, will establish local procedures, in accordance with the requirements of MIL-HDBK-61A or MIL-STD-973 (cancelled, but still invoked in some contracts) or an acceptable industry standard that:

- recognizes situations where deviations may be involved
- requires compliance with the configuration baseline requirements, except where a deviation has been authorized
- provides for appropriate control of requests for deviations, to take timely action on such requests, and make an accounting on the status of all requests

- requires the contractor to submit an ECP instead of a request for deviation when, in the opinion of SUPSHIP, the deviation should be incorporated in the requirements for a future contract

- requires ACO review of requests for deviations *prior* to approval

SUPSHIP will reach an understanding with the contractor regarding the format and content of requests for deviations.

Requirements in this section are not considered contractual since they reflect the minimum data required for evaluation of a request for deviation.

Approval Authority of SUPSHIP

SUPSHIP may approve a request for a deviation and issue an FMR, if required, when the proposed nonconformance is within the level IV authority for ECPs and FMRs. In instances where the request for a deviation is the direct result of verbal or written direction to the contractor or SUPSHIP from outside the SUPSHIP office, SUPSHIP will send the request to the PM cognizant of the contract for approval and issuance of an HMR, provided the deviation is approved and a contractual requirement is involved.

Only the personnel designated in writing to approve ECPs and FMRs may approve a request for deviation and issue an FMR, when required. Furthermore, only the personnel designated in writing as the approval authority for ECPs may disapprove a request for deviation.

Procedures for Processing Requests for Deviations

SUPSHIP is to review each request for deviation to ascertain whether:

- The information provided is complete and sufficient for an understanding of the proposed nonconformance.

- The designation as critical, major, or minor is proper. If improper, SUPSHIP will change the designation and notify the contractor.

- The request for deviation should be processed as an ECP. As a general rule, an ECP will be required when, in the judgment of the reviewer, the deviation should be incorporated in the requirements of a future procurement. Additionally, an ECP may be required for a major or critical deviation when only the ECP format will provide all information needed for a decision for approval or disapproval. If the decision is to process the deviation as an ECP, the request for a deviation is to be returned to the contractor for ECP preparation, the cost of which will be borne by the government. Subsequently, the ECP is to be processed by SUPSHIP in the same manner as any other ECP.

If the deviation is to be approved and SUPSHIP is the approving authority, an FMR may be required to implement a deviation, depending upon the configuration clause in the contract.

If the request for deviation is not within the level IV approval authority, it should be endorsed to the PM. The endorsement is to contain a recommendation as to approval of the request and the rationale for the recommendation. In addition, the endorsement will contain a date by which the PM decision is to be received.

If approval of the request for deviation does not require the issuance of an FMR and subsequent execution of a contract modification (see above), such approval may be granted by either execution of Block 27 on DD Form 1694 or favorable endorsement on the contractor's request if a letter format is used. Such approval must be executed by an individual holding ECP approval authority only after the ACO has determined that a contract modification is not required to implement the deviation requested by the contractor. If the request is to be disapproved, disapproval can be accomplished by either the completion of Block 27 on DD Form 1694 or by negative endorsement on the contractor's request if a letter format is used.

A follow-up system will be established to ensure the receipt of replies from the PM by the date specified in the SUPSHIP endorsement of level III or higher requests.

SUPSHIP may disapprove a request for a critical or major deviation. In such instances, a copy of the request, with SUPSHIP's disapproval, is to be furnished to the PM. SUPSHIP is to furnish the cognizant TYCOM with a copy of each critical or major deviation for a commissioned ship undergoing conversion at the time the request is forwarded to the PM.

All requests for deviations are to be processed as expeditiously as practical. For critical or major deviations, a thorough analysis will be made of any impact on delivery schedules, as well as costs, cited in the request for deviation. SUPSHIP will furnish the PM with a copy of each authorized minor deviation. Copies of contract modifications authorizing deviations will be forwarded to the PM.

Records

SUPSHIP is to maintain complete records, including appropriate control records, of all deviation requests and their disposition. Records of approved deviations are to be integrated into the SUPSHIP QA system as the basis for government acceptance of the ship. A local instruction should define acceptance criteria.

Waivers

Excessive numbers of requests for waivers may indicate that there are defects in the contractor's processes that are leading to non-compliant work that may result in the requirement to increase surveillance of the ongoing processes/industrial procedures. The

seriousness of the defect/non-compliant item is classified as minor, major or critical. SUPSHIP procedures should require that, when the incidence of requests for waivers is high, consideration should be given to conduct an audit of the contractor's processes and inspection procedures to ascertain if corrective action is required. The aim is to preclude a high incidence of major or critical requests for waivers, although requests for minor deviations also require consideration.

Processing requirements regarding deviations are generally applicable to waivers.

Appendix 5-E: Independent Work Progressing

Background

Ship construction projects are obviously large and complex projects encompassing tens of thousands of individual tasks and work packages. Shipbuilders will typically have a dedicated progressing group that tracks the status and progress of all open work packages in order to assess overall project progress against the Integrated Master Plan (IMP) and IMS (see SOM Ch 7 – Earned Value Management). It is impractical for a SUPSHIP to create a similar group within its own organization for the sole purpose of developing an independent measure of shipbuilder progress. Moreover, FAR 42.1104 (Surveillance Requirements) states that "contract administration offices [SUPSHIPs] shall make maximum use of any reliable contractor production control or data management systems". For these reasons, SUPSHIPs rely primarily on the shipbuilder's EVMS for determining work progress and only perform independent work progressing when the shipbuilder's system proves inadequate.

Independent Work Progressing

Independent work progressing is the process of developing an independent, objective measure of a contractor's progress. It differs from EVM progress in that it is based on the government's observation of work performed rather than the approved progressing methods outlined in the company's EVM system description. Independent work progressing can be a useful tool for validating project progress when dictated by circumstances such as:

- EVMS not required by contract
- Shipbuilder's EVMS is not certified
- Shipbuilder's EVMS produces questionable data
- SUPSHIP questions progress reported by shipbuilder

Prior to implementing independent work progressing, SUPSHIP should analyze the shipbuilder's progressing system and collaborate with him to resolve issues concerning the methodology, assumptions and data used to develop progress estimates. SUPSHIP also conduct surveillance of the shipbuilder's EVMS which provides the government with insight into deficiencies in the shipbuilder's system. Resolving these deficiencies can improve the government's confidence in the shipbuilder's progressing data and negate the need to conduct independent work progressing.

The Supervisor will determine when independent work progressing is necessary, as well as the scope of work to be assessed and the methodology to be employed. Care must be given in making these determinations in order to ensure that the process is efficient and meaningful and that the value to the government is commensurate with the effort expended. When independent work progressing is to be implemented, a plan should be developed to describe in detail the scope and methodology to be used.

The following sections provide two basic methodologies for conducting independent work progressing; one for progressing design contracts (or the design phase of design/build contracts) and one for the progressing of construction contracts. Each of these methods is a simplistic representation and requires significant development before implementing independent progressing. Alternatively, a SUPSHIP may elect to employ an entirely different approach from

the methodologies provided here. In all cases, however, it is important to have a clear understanding of the contractor's progressing system in order to ensure the government methodology provides a valid basis for comparison.

Independent Work Progressing of Design Contracts or the Design Phase of Design/Build Contracts

This progressing methodology is based on accomplishment of key phases and products of the design contract. The assessment includes physically checking the status of key milestones, phases and a sampling of design products, including: drawings, LLTM, design specifications, zone disclosures, design reviews, modeling, extractions, or other breakdowns of work.

Example: The evaluation system is based on a "spot check" process for three distinct areas:

1) Drawing Status: Utilizing the shipbuilder's drawing schedule for total drawings by Ship Work Breakdown Structure (SWBS), randomly select a sample size based on the number of drawings reported to have been started.

Progress Criteria: Assign completion status based on accepted standard, such as:
a). Number of drawings sampled
b). Number of drawings reported started but no visible progress: 0%
c). Number of drawings where there is actual progress observed: 50%
d). Number of drawings signed/approved: 100%

Compile results for the sampled drawings to project overall progress for drawing development.

2) LLTM: Utilizing the shipbuilder's and government approved list of long lead item material, percent completed will be based on total purchase orders issued for LLTM items divided by the total number of required LLTM items on the list. (example: one purchase order issued for one of ten required LLTM items would be assessed as 10% complete).

3) Specification Package Development: The total number of specification packages completed divided by the total number of specification packages required.

Apply weighted values to each component of the contract (e.g., drawing development 70%, LLTM 10%, specification development 20%) to project overall progress.

Independent Work Progressing of Construction Contracts

This methodology employs assessment of independent, "event-driven" data. The process described below refers to a single construction phase that includes all construction, testing and trials. SUPSHIPs may choose to further divide construction into pre-/post- float-off phases, construction/testing phases, or some other phasing of work that is more suitable for a given construction contract.

Process for Determining Construction Progress
This process is based on:

1) Measuring unit construction based on weighted values for the unit and the associated construction tasks necessary to complete the unit and integrate it into modules or blocks.

2) Assigning progress values for:

a) Achieving key milestones and major events
b) Completing compartment closeout
c) Completing testing and trials

3) Summing the progress values determined in steps 1 and 2

Table 5-G-A provides a generic construction progress model for a ship constructed in four modules with each module consisting of the identified number of units. Each unit is assigned a weighted value relative to its contribution to the completion of the completely assembled module. The key events associated with the construction of each unit are also assigned a value relative to the effort required to complete construction and integration of the unit into its module.

The lower portion of Appendix A shows a method for assessing the contribution to overall progress based on completion of ship testing and compartment closeout, as well as sample milestones and major events that would be assigned progress values based on completion.

Table 5-E-A: Generic Model for Estimating Overall Ship Progress

Module	Unit Number	Unit Weight	Startup for Fabrication	Complete Fabrication	Complete Blast & Prime	Complete Unit Fit-up	Complete Outfitting	Assembly Erection	Complete Unit Weld-out	Module Integration	SOS %	Total Complete
			0.1	0.15	0.05	0.1	0.2	0.2	0.15	0.05		
Module A												
A	100	0.2586207	0.02586	0.03879	0.01293	0.02586	0.05172	0.05172	0.03879	0.01293		
A	101	0.2586207	0.02586	0.03879	0.01293	0.02586	0.05172	0.05172	0.03879	0.01293		
A	102	0.2586207	0.02586	0.03879	0.01293	0.02586	0.05172	0.05172	0.03879	0.01293		
?	?	0.2586207	0.02586	0.03879	0.01293	0.02586	0.05172	0.05172	0.03879	0.01293		
?	?	0.2586207	0.02586	0.03879	0.01293	0.02586	0.05172	0.05172	0.03879	0.01293		
A	157	0.2586207	0.02586	0.03879	0.01293	0.02586	0.05172	0.05172	0.03879	0.01293		
Module B												
B	200	0.6896552	0.06897	0.10345	0.03448	0.06897	0.13793	0.13793	0.10345	0.03448		
B	201	0.6896552	0.06897	0.10345	0.03448	0.06897	0.13793	0.13793	0.10345	0.03448		
B	202	0.6896552	0.06897	0.10345	0.03448	0.06897	0.13793	0.13793	0.10345	0.03448		
?	?	0.6896552	0.06897	0.10345	0.03448	0.06897	0.13793	0.13793	0.10345	0.03448		
?	?	0.6896552	0.06897	0.10345	0.03448	0.06897	0.13793	0.13793	0.10345	0.03448		
B	228	0.6896552	0.06897	0.10345	0.03448	0.06897	0.13793	0.13793	0.10345	0.03448		
Module C												
C	300	0.3846154	0.03846	0.05769	0.01923	0.03846	0.07692	0.07692	0.05769	0.01923		
C	301	0.3846154	0.03846	0.05769	0.01923	0.03846	0.07692	0.07692	0.05769	0.01923		
C	302	0.3846154	0.03846	0.05769	0.01923	0.03846	0.07692	0.07692	0.05769	0.01923		
?	?	0.3846154	0.03846	0.05769	0.01923	0.03846	0.07692	0.07692	0.05769	0.01923		
?	?	0.3846154	0.03846	0.05769	0.01923	0.03846	0.07692	0.07692	0.05769	0.01923		
C	338	0.3846154	0.03846	0.05769	0.01923	0.03846	0.07692	0.07692	0.05769	0.01923		
Module D												
D	400	0.4166667	0.04167	0.06250	0.02083	0.04167	0.08333	0.08333	0.06250	0.02083		
D	401	0.4166667	0.04167	0.06250	0.02083	0.04167	0.08333	0.08333	0.06250	0.02083		
D	402	0.4166667	0.04167	0.06250	0.02083	0.04167	0.08333	0.08333	0.06250	0.02083		
?	?	0.4166667	0.04167	0.06250	0.02083	0.04167	0.08333	0.08333	0.06250	0.02083		
?	?	0.4166667	0.04167	0.06250	0.02083	0.04167	0.08333	0.08333	0.06250	0.02083		
D	447	0.4166667	0.04167	0.06250	0.02083	0.04167	0.08333	0.08333	0.06250	0.02083		

Module	
A	15%
B	20%
C	15%
D	20%
	70%

System Test	10	Nr Tests Comp / Nr Tests Sked
Major Events	10	e.g.: Keel laying, float-off, main engine L/O, dock trials, Aegis L/O, criticality, B/T, A/T
Compt Cose-out	10	Nr Compts Completed / Total Nr Compts
	30%	

Appendix 5-F: Sample Recurring Reports

Project Snapshot

Report Date

1. **Project Areas of Concern**
   - High level production/technical/contract issues
   - Key issues and impact
2. **Recently Completed Events**
   - Ship and/or other project events
3. **Upcoming Events**
   - Ship and/or other project events
4. **Critical Actions Awaiting Resolution**
   - Include internal and external stakeholder support

PAGE 1

HULL

List key project/hull personnel

Schedule	Cost	Quality	Optional
Cum / Cur / Cum chg	Cum / Cur / Cum chg		
SPI: 0.000 / 0.000 / (0.000)	CPI: 0.000 / 0.000 / (0.000)		

Effective Date

Positive Trend
Level Trend
Negative Trend

Equivalent Heads (reporting period)			
	Scheduled	Actual	Delta (+/-)
Current			
Previous			

Percent Complete (reporting period)			
	% Schedule	% Complete	Delta (+/-)
Current			-
Previous			-

Schedule Counts Optional (eg tests, work bills) (reporting pd)			
	Schedule To Complete	Actual Complete	Delinquent To Complete
Current			
Previous			

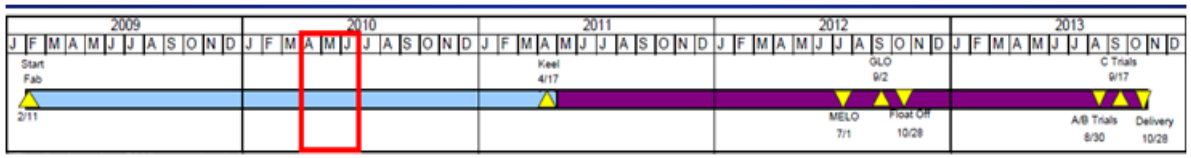
Schedule Counts Optional (eg tests, work bills) (reporting pd)			
	Schedule To Complete	Actual Complete	Delinquent To Complete
Current			
Previous			

Milestones/Key Events	Watch Items

PAGE 2

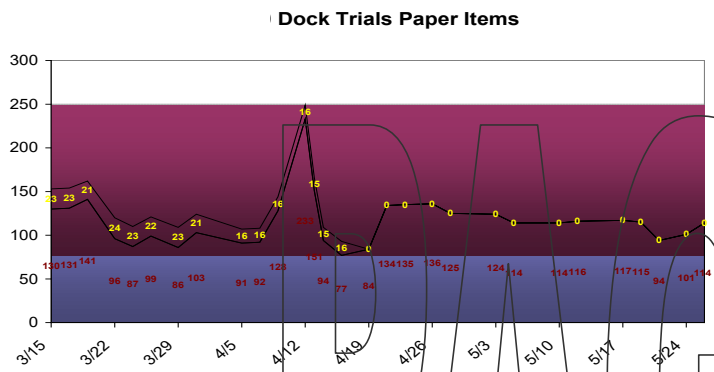
Hull picture or seal

Visual hull construction timeline (example below)

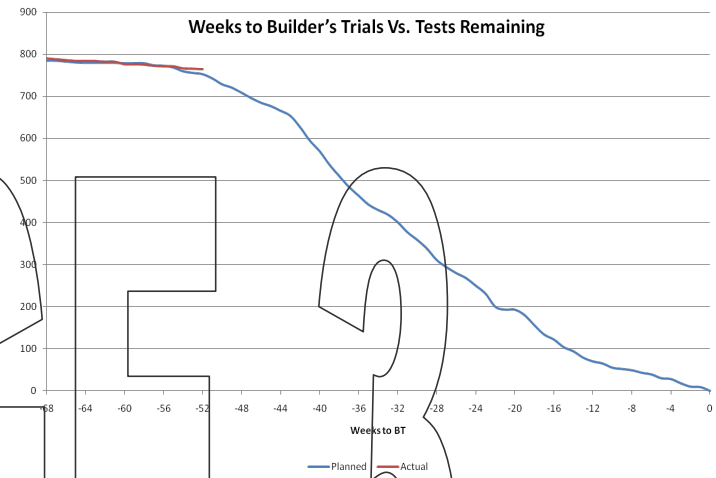


Hull

Phase Driven Design/Production/Test Metrics (example below)

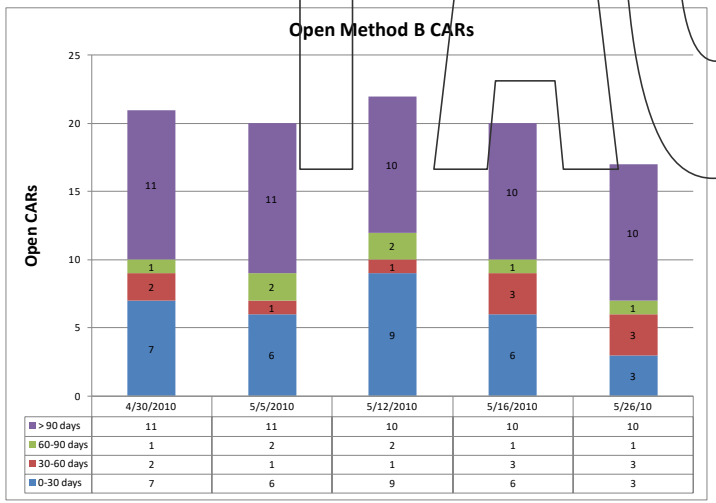


Phase Driven Design/Production/Test Metrics (example below)

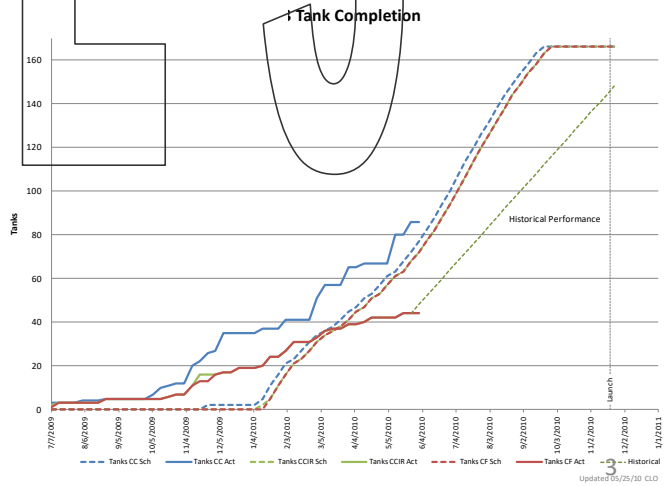


LEGEND

Phase Driven Quality Metric (example below)



Phase Driven Design/Production/Test Metrics (example below)



EVMS Status Report
Ship Name (Navy Hull Number)
Month Ending: Feb - 2010

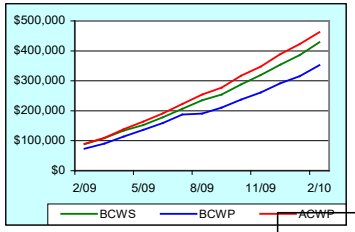
Vendor	Vendor		
Contract	Contract Number		
Prog Office	Program Office	Contract Type	Contract Type
Start Date	Contractual Start	Est End Date	Estimated Finish

	TOTAL CONTRACT (1)		TOTAL MAN HOURS (2)	
CPI	0.761	(up)	0.747	(no chg)
SPI	0.821	(no chg)	0.871	(down)
% SPENT	13.03%		12.64%	
% SCHEDULED	12.07%		10.84%	
% PROGRESS	9.91%		9.44%	
UB	$0		0	
MR	$83,514		1,259	
BAC	$3,551,138		39,534	
TAB	$3,634,652		40,793	
LRE	$3,634,652		40,793	
EAC	$4,531,766		48,636	
VAC-LRE	$0		0	
VAC-EAC	($897,114)		(7,842)	

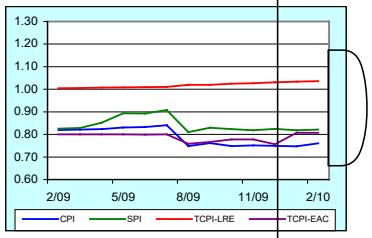
SUPSHIP Assessment

(1) Note: Dollars and man-hours are in thousands
(2) Labor Man-Hours include all direct charged man-hours

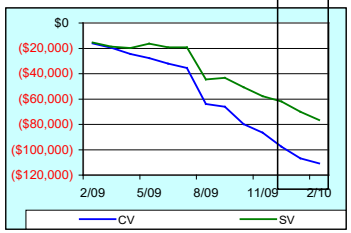
EVM Progress (1)



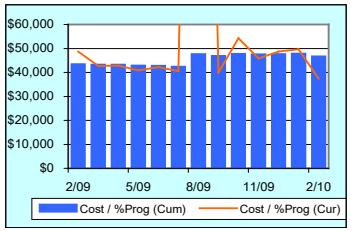
Indices (Cum) - Total Contract ($)



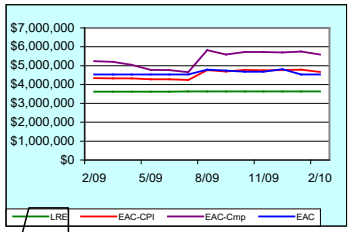
Variances(Cum) - Total Contract (1)



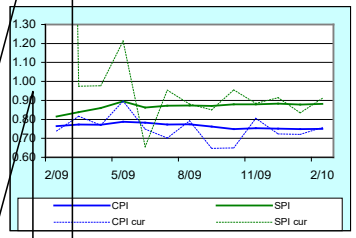
Cost per % Progress - Contract (1)



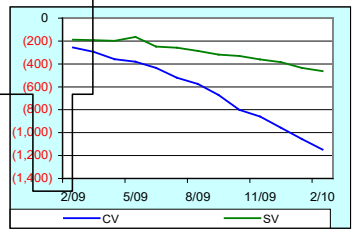
Estimates at Completion (1)



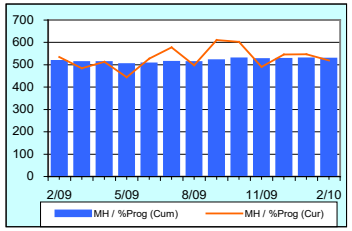
Indices (Cum) - Labor MHs (2)



Variances (Cum) - Labor MHs (1) (2)



MHs per % Progress (1) (2)



Appendix 5-G: Acronyms

ACO	Administrative Contracting Officer
AIT	Alteration Installation Team
AP	Acquisition Plan
APM	Assistant Program Manager
APUC	Average Procurement Unit Cost
ASF	Assist Ship's Force
ASN(RD&A)	Assistant Secretary of the Navy (Research, Development and Acquisition)
AT	Acceptance Trial
AT/FP	Anti-Terrorism/Force Protection
AU	Assessable Unit
B&P	Bid and Proposal
BOA	Basic Ordering Agreement
BT	Builder's Trials
BTA	Business Transformation Agency
CAR	Corrective Action Request
CAS	Contract Administration Service
CCB	Configuration Control Board
CCO	Chief of the Contracting Office
CCT	Customer Contracted Team
CDRL	Contract Data Requirements List
CFM	Contractor Furnished Material

CFR	Code of Federal Regulations
CHENG	Chief of Engineering
CM	Configuration Management
CMA	Crew Move Aboard
CNO	Chief of Naval Operations
COR	Contracting Officer's Representative
COTR	Contracting Officer's Technical Representative
CPARS	Contract Performance Assessment Reporting System
CPI	Cost Performance Index
CQI	Continuous Quality Improvement
CSMP	Consolidated Ships Maintenance Plan
CT	Combined/Super Trial
DAU	Defense Acquisition University
DAWIA	Defense Acquisition Workforce Initiative Act
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DD Form	Department of Defense Form
DFARS	Defense Federal Acquisition Regulation Supplement
DoD	Department of Defense
DODD	Deportment of Defense Directive
DoDI	Department of Defense Instruction
DOT	Department of Transportation
DPM	Deputy Program Manager
DPMR	Deputy Program Manager's Representative

ECP	Engineering Change Proposal
EOB	Expense Operating Budget
ER	Engineering Report
ERP	Enterprise Resource Planning
EV	Earned Value
EVMS	Earned Value Management System
FAR	Federal Acquisition Regulation
FCT	Final Contract Trial
FMR	Field Modification Request
FTR	Final Test Report
GAO	Government Accountability Office
GFE	Government Furnished Equipment
GFI	Government Furnished Information
GFM	Government Furnished Material
GFP	Government Furnished Property
GSA	General Services Administration
HMR	Headquarters Modification Request
IBR	Integrated Baseline Review
IC	Internal Control
IDP	Individual Development Plan
IEB	Incentive Evaluation Board
IMS	Integrated Master Schedule
INSURV	Board of Inspection and Survey
INSURVINST	Board of Inspection and Survey Instruction

IPTD	Integrated Project Team Development
IR&D	Independent Research and Development
ISIC	Immediate Superior in Command
ISO	International Organization for Standardization
J&A	Justification and Approval
JFFM	Joint Fleet Maintenance Manual
LAN	Local Area Network
LLTM	Long Lead Time Material
LOA	Light-Off Assessment
MAIT	Major Area Integration Team
MAT	Major Area Team
MCP	Management Control Program
MDAP	Major Defense Acquisition Program
MIC	Manager’s Internal Control
MICP	Manager’s Internal Control Program
MIL-HDBK	Military Handbook
MIL-STD	Military Standard
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MSC	Military Sealift Command
NAVSEA	Naval Sea Systems Command
NAVSEAINST	Naval Sea Systems Command Instruction
NFLC	NAVSUP Fleet Logistics Center
NCH	NAVSEA Contracts Handbook

NCPI	NAVSEA Performance and Compliance Inspection
ND	Non-Deviation
NOC	Notification of Change
NSA	Nuclear Support Agreement
NSA	Naval Supervising Activity
O&M,N	Operations and Maintenance, Navy
OMB	Office of Management and Budget
OMMS-NG/SNAP	Organizational Maintenance Management System-Next Generation/Shipboard Non-Tactical Automated Data Processing
OPCON	Operational Control
OPNAVINST	Chief of Naval Operations Instruction
ORDALT	Ordnance Alteration
PARM	Participating Acquisition Resource Manager
PAUC	Program Acquisition Unit Cost
PCO	Procuring Contracting Officer
PCO	Prospective Commanding Officer
PCU	Pre-Commissioning Unit
PD	Position Description
PEO	Program Executive Officer
PM	Program Manager
PMB	Performance Measurement Baseline
PMBOK	Project Management Body of Knowledge
PMR	Program Manager Representative
PMR	Program Manager’s Representative

POAM	Plan of Action and Milestones
POC	Point of Contact
PORSE	Post Overhaul Reactor Safeguard Examination
PPI	Past Performance Information
PRECOMUNIT	Pre-Commissioning Unit
QA	Quality Assurance
QPPC	Quarterly Production Progress Conference
QPPR	Quarterly Project Progress Report
REA	Request for Equitable Adjustment
RFP	Request for Proposal
RSE	Reactor Safeguard Examination
SACM	Submarine Availability Completion Program Manual
SC,N	Ship Construction, Navy
SCA	Ship Cost Adjustment
SCCB	SUPSHIP Change Control Board
SCCB	SUPSHIP Configuration Control Board
SCP	Specification Change Proposal
SDM	Ship Design Manager
SF	Ship’s Force
SFDI	Ship’s Force Deficiency Item
SOA	Statement of Assurance
SOE	Schedule of Events
SOW	Statement of Work
SPI	Schedule Performance Index

SPS	Standard Procurement System
SUBSAFE	Submarine Safety Certification Program
SUPSHIP	Supervisor of Shipbuilding, Conversion and Repair, USN
SWFT	SUPSHIP Workload Forecasting Tool
TAR	Technical Analysis Report
TCP	Test Change Proposal
TMIN	Technical Manual Identification Number
TOC	Theory of Constraints
TP	Test Procedures
TPR	Test Problem Report
TSM	Technical Support Management
TSTP	Total Ship Test Program
TYCOM	Type Commander
UCR	Unit Cost Reporting
VE	Value Engineering
VPVE	Vice President