

DOE Cost Engineering Group (DOE-CEG) Charter

November 2002

Background:

In recent years, reports of the General Accounting Office (GAO) and the Department's Office of Inspector General (OIG) have reported that the cost and schedule estimates, representing certain DOE projects, have been inadequate. DOE's ability to properly manage its projects is dependent on proper cost and schedule estimating practices. These practices should ensure a consistent approach to establishing these estimates, ensure that the cost and schedule estimates are reasonable, and ensure that credibility is maintained for future DOE missions.

The federal requirements to assure this reasonableness and reliability come from documents such as the Federal Acquisition Regulation (the FAR), the Office of Management and Budget (OMB), the Code of Federal Regulation (CFR), and other published industry standards. DOE also has its internal requirements, which provides specifics relative to DOE programs and projects, which must be met. "Financial Management Accountability" is a topic that is regularly tracked and published by the GAO. Also, recent reports of the NRC (National Research Council) indicate a need for improvement in DOE's ability to manage projects within established cost and schedule baselines. This NRC report led to the establishment of the Office of Engineering and Construction Management (OECM) and project management reform in the DOE.

The Office of Management, Budget and Evaluation (OMBE, DOE's Office of Chief Financial Officer), and OECM, as the DOE's project management office, has an interest in establishing standards to insure the quality of the DOE's project baselines.

In May 2002, OECM issued a DOECAST requesting support in establishment of the DOE-Cost Engineering Group (DOE-CEG). This Charter establishes the Goal and Vision, Mission, Scope, Objectives, and Approach of the DOE-CEG.

Goal and Vision:

The goal of the DOE-CEG is to improve quality of DOE's project, contract, and budget baselines, enabling managers to better control cost and schedule. The DOE-CEG will enhance program, project, and site consistency and standardization. The DOE-CEG will enable the project, budget, and contract planning processes to become more efficient and effective.

The DOE-CEG will be:

- A centralized organization within DOE to enhance Federal personnel involved in establishing Cost and Schedule Estimates.
- A credible source of information supporting DOE program and field offices in establishing cost and schedule estimates.
- A repository for DOE Standards for establishing project baselines and procedures for their management .

DOE will have necessary credibility when submitting project budgets to Congress. Audits and external reviews will show positive results and funds will be more readily available to complete program missions. DOE will essentially be more standardized and efficient.

Mission:

The mission of the DOE-CEG will be to improve DOE's cost and schedule estimating by:

1. Assuring cost estimate quality in all cost and schedule estimates performed by DOE and DOE contractors.
2. Assuring consistency and standardization in all facets of cost and schedule estimating, throughout the DOE complex.
3. Maintaining standards for cost and schedule estimating.
4. Providing input to OECM matters of policy, standards, guidance, and procedures.
5. Collecting and disseminating Lessons Learned from DOE programs, projects, and sites.

6. Maintaining information on acceptable cost and schedule estimating software and specific DOE program and field office requirements and practices.
7. Providing cost and schedule estimating and analysis capability and tools, necessary to improve every project's ability to be successful.

Scope:

The DOE-CEG encompasses all capital, facility and infrastructure projects, and information technology projects within DOE. It is envisioned that, over time, it will become better understood that "almost anything can be managed as a project." As other elements of DOE participate, the scope will expand to encompass their activities.

Objectives:

Primary Objectives:

- Provide the tools, training, and information exchange to enable higher standards of cost control and evaluation throughout the DOE
- Improve cost and schedule estimating by:
 - Assuring that DOE guidance on cost and schedule estimating is complete and current
 - Establishing standards for internal and external reviews
 - Establishing standards for collection of scope and cost data
 - Evaluating and referencing appropriate tools, such as cost and schedule estimating software
 - Facilitating scope and cost comparisons across DOE and other Federal agencies

Secondary Objectives:

- Maintain a DOE-CEG website for information dissemination.
- Develop a data base of cost information, based on historic data and on recognized, published references.
- Provide training to Project Management professionals on the use of the database as well as cost estimating principles and practices.

- Maintain a common vocabulary of terms that may be applied to cost estimating within the DOE and other Federal agencies for cost comparison purposes.
- Collaborate with professional societies, such as the Association for the Advancement of Cost Engineering, International (AACE), to assure industry standards and the utilization of the best commercial practice to a practical extent.

Approach:

1. The DOE-CEG will maintain a membership with both DOE Headquarters (including OECM, the Project Management Support Offices, and other interested organizations) and Field Personnel (including Federal and Contractor personnel).
2. The DOE-CEG will maintain the Partnership Agreement with AACE, International, to remain cognizant of industry and academia.
3. The DOE-CEG will rely on OECM for policy guidance. OECM will support all DOE-CEG activities and collaboration with other federal groups, with similar interests and issues.
4. A DOE-CEG Chairperson, represented by NETL, will ensure that:
 - Applicable DOE Policy and Procedures are adhered
 - Goals are set
 - Milestones are completed
 - Communications proceed smoothly
 - Meeting agendas are established
 - Meeting time, place, and teleconference numbers are coordinated
 - Group communications are facilitated
 - Meeting summaries are completed and distributed
5. The DOE-CEG members will provide cost and schedule estimating / Project Management interests and experiences to the DOE-CEG. The DOE-CEG will be self-empowered and promote the DOE-CEG in a

- positive manner that will be most beneficial to DOE and the DOE project personnel.
6. The DOE-CEG members should contribute to the goals of the DOE-CEG, to be innovative in applying techniques and concepts, to share ideas, and to freely communicate this information to co-workers and management.
 7. The DOE-CEG members will:
 - Raise and resolve cost and schedule estimating issues of concern.
 - Present cost and schedule estimating information, including project accomplishments, at meetings, teleconferences, and other forums.
 - Compile and maintain a reference library of documents, reports, and other materials about cost and schedule estimating.
 - Establish the DOE-CEG as a reliable resource by disseminating information to other pertinent organizations supporting DOE program, projects, and sites.
 8. DOE-CEG workshops will be held as required. Initially, annual workshops will be scheduled. Teleconferences will be held quarterly at a minimum. A facilitator may participate in each teleconference and workshop. Meeting and teleconference summaries are to be recorded and distributed to all DOE-CEG members.
 9. Communication within the DOE-CEG will be uniform. Primary forms of communication will be workshops, teleconferences, e-mail, and the DOE-CEG web-site.

Status of Activities:

The following initial activities are proposed for the DOE-CEG:

- Maintain a DOE-CEG website, as the primary source of communication
- DOE Cost and Schedule Estimating Guide revisions
- DOE Cost and Schedule Estimating standards development
- DOE Cost and Schedule Estimating Reference Library
- DOE Cost and Schedule Estimating Software Library

- Compile historical cost data and "rules-of-thumb"
- Training opportunities and observations, primarily for DOE staff
- Maintain Cost and Schedule Estimating Lessons Learned from DOE projects

Participants:

OECM – Policy Direction

NETL – Technical Direction, Chair-persons

Members (DOE and Contractors)

DOE Project Management Support Offices

DOE Program Offices

DOE ME Offices (including Budget and Contracting)

DOE Site and Field Offices

DOE Project Offices

Other DOE Offices