

ORDER

SPRPMO O 130.1C

Approved: 07/16/15

MANAGEMENT AND OPERATING CONTRACTOR'S ANNUAL OPERATING PLAN FORMULATION AND EXECUTION



**U.S. DEPARTMENT OF ENERGY
Strategic Petroleum Reserve
Project Management Office**

DISTRIBUTION: All SPRPMO Employees,
PEP, M&O Contractor

INITIATED BY: Assistant Project Manager for
Management and Administration, Planning and
Financial Management Division

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MANAGEMENT AND OPERATING CONTRACTOR'S ANNUAL OPERATING PLAN FORMULATION AND EXECUTION

1. OBJECTIVE. To establish requirements, responsibilities, and authorities necessary for the effective formulation and execution of the Management and Operating (M&O) contractor's Annual Operating Plan (AOP). The AOP includes a cost and an obligation plan.
2. CANCELLATION. Strategic Petroleum Reserve Project Management Office (SPRPMO) Order 130.1B, Chg 1, Management and Operating Contractor's Annual Operating Plan Formulation and Execution, dated March 14, 2005.
3. APPLICABILITY.
 - a. Department of Energy (DOE) Elements: All of the elements of the SPRPMO will follow the requirements of this Order.
 - b. Contractors: The Contractor Requirements Document (Attachment 1) sets forth the requirements to be applied to the SPRPMO M&O contractor.
4. REQUIREMENTS.
 - a. Work will be planned, projects will be scheduled, and resources will be allocated to accomplish the proposed scope of work for the forthcoming fiscal year. The AOP will be time-phased by cost center/cost element or Work Breakdown Structure (WBS) element/cost element combination.
 - b. The initial time-phased AOP and the final AOP, based on the DOE-approved Budget Formulation Reconciliation, is required from the M&O contractor prior to the beginning of the fiscal year, as defined, each fiscal year, in the DOE guidance issued.
 - c. Changes to the initial AOP will be accomplished using the SPR workflow (AOP Change Process), then uploaded to an Excel file providing all revisions with appropriate data element details and applicable Assistant Project Managers' (APMs') initials for concurrence. Changes are to include internal replanning requirements, which cross Work Authorization Directives (WADs) as well as proposed carryover tasks.
 - d. The Baseline Change Request (BCR), which is also an SPR workflow process, will not be used until the AOP has been finalized, including Carryover (cost and obligations added in November/December PMO review

process), except for DOE determined emergency situations. The BCR will be used for all fiscal year changes thereafter. All BCRs must be coordinated with affected Enterprise Change Proposals (ECPs) and Control Milestone Change Requests (CMCRs). Impacts on configuration/schedule must be identified along with funding impacts.

- e. The Project Status Report (PSR) will be submitted monthly as electronic M&O contractor deliverables in accordance with DOE-approved due dates established prior to the start of fiscal year during the WAD development process. Special reports will be provided as required by DOE.
- f. Monthly performance against the AOP static cost plan using the Budget Execution Report (BER) and the monthly Revised Cost Plan (RCP) using the Cost Management Report (CMR) are tracked, measured, and reported in the contractor's monthly PSR, in accordance with Management Control System procedures. The PSR will include reconciliation between the actuals recorded against the static cost plan and the actuals recorded against the RCP.
- g. Monthly cost and obligation variance analysis for the AOP static cost and obligation plans will be developed. A quarterly variance analysis will be provided for the RCP.
- h. Obligation plan variance analysis will be provided along with the quarterly obligation update in December, March, June, and August. The purpose for this analysis is to provide variance explanations on a quarterly basis against a static fiscal year (October through September) obligation plan provided in November/December. The quarterly analysis will reflect actuals to date and monthly projections for the remainder of the fiscal year. The variance explanations should include what the changes are, why they occurred, and what impacts or actions are being taken specific to the changes.
- i. Any differences between incremental funding and the quarterly obligation plan updates will be reconciled. Incremental funding of the M&O contract will be based on an analysis of the quarterly obligation plan.
- j. The Change-in-Inventory value, which is included in the Budget Request, will be included in the Executive Summary of the PSR.
- k. Cost ceilings will be established as the lesser of total funds available or the RCP amount at the total WAD level or at such other DOE established levels such as Vapor Pressure.

- l. Ensure that a system is in place to provide funding for cross fiscal year requirements that is in compliance with yearly funds appropriation availability.
- m. Appropriate consideration of fiscal year funding methodology for cost-type and fixed-price contracts will be included.
- n. It is necessary for the M&O contractor to indicate on the BCR whether the obligation change amount reflects a request for additional new obligations or a transfer (funds adjustment) of existing contract obligations within a WAD or between different WADs.

5. RESPONSIBILITIES.

- a. The Project Manager will be the final approving official for the AOP and all BCRs.
- b. The Planning and Financial Management Division is responsible for:
 - (1) Coordination within DOE on the development of the AOP guidance.
 - (2) Coordination within DOE on the review of the M&O contractor's AOP.
 - (3) Coordination within DOE on all proposed and approved changes to the AOP.
 - (4) Development and maintenance of the BCR change control workflow process.
- c. APMs are responsible for reviewing and recommending approval/disapproval for BCRs.
- d. Contracting Officer:
 - (1) Issues the upcoming execution year guidance to the contractor.
 - (2) Issues all WAD revisions based on approved BCRs to the contractor.

6. DEFINITIONS.

- a. Obligation – Incremental funding provided for a commitment such as a contract or purchase order that has been established by DOE for M&O goods and services for ongoing project requirements.
- b. Cost – Work performed or goods and services received whether or not a payment has been made and whether or not invoices have been received.
- c. Obligations Plan – Current fiscal year time-phased DOE obligations for M&O requirements.
- d. Revised Cost Plan – Planned fiscal year costs time-phased by month, which is revised throughout the year.
- e. Financial Plan – Identifies total fiscal year funds available, and established cost ceilings on a monthly basis.

7. CONTACT. Questions concerning this Order should be addressed to the SPRPMO Planning and Financial Management Division, 734-4224.

Attachment 1
Contractor Requirements Document

CONTRACTOR REQUIREMENTS DOCUMENT**SPRPMO O 130.1C, MANAGEMENT AND OPERATING CONTRACTOR'S
ANNUAL OPERATING PLAN FORMULATION AND EXECUTION,
Dated 07/16/15**

Regardless of the performer of the work, the contractor is responsible for complying with the requirements of this Contractor Requirements Document (CRD). The contractor is responsible for flowing down the requirements of this CRD to subcontractors at any tier to the extent necessary to ensure the contractor's compliance with the requirements.

The Management and Operating contractor is responsible for:

1. Planning work requirements, scheduling project level activities, and allocating resources authorized to accomplish proposed scope of work.
2. Submission of a time-phased Annual Operating Plan by Work Authorization Directive, cost center/cost element or Work Breakdown Structure element/ cost element combination based on the approved budget formulation reconciliation.
3. Providing the monthly Project Status Report to include performance against the static cost plan and the monthly Revised Cost Plan (RCP); and reconciliation between the actuals recorded against the static cost plan and the actuals recorded against the monthly RCP.
4. Providing quarterly (December, March, June, and August) updates of the obligation and cost plan to include projected future cost and obligations accompanied with variance analysis.
5. Adhering to the established cost ceilings.
6. Coordinating Baseline Change Requests affecting Enterprise Change Proposals, and Control Milestone Change Requests; identifying configuration/schedule impacts.