

Title: Corrective Action Request (CAR)	Page # 1 of 1	Encode: C3	Rev #: 0
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<b>1. Subject:</b> No Process/Provision for UB as Holding Account	<b>2. Guideline Ref (if applicable):</b> 14	<b>3. Control Number:</b> 2
<b>4. CA#, WBS#, or Functional Area:</b> All Projects -- Functional Area: PBS		

**5. Description:**

**REQUIREMENT:** ANSI/EIA-748, Guideline 14 requires the following: Identify management reserves and undistributed budget.

**DISCUSSION:**

The intent guide for GL#14 states the following: In order to assure that budget for newly authorized efforts remains tied to the associated scope during the initial planning process, undistributed budget (UB) has been designated as the short term holding account. Once the responsible organization(s) has been identified, the budget will transfer from undistributed budget to the appropriate control account(s). This ensures budget and scope will not be transferred independently.

Undistributed budget is budget that is applicable to specific project effort but has not yet been distributed to control accounts. It is a transient amount; because once it is distributed it ceases to be undistributed budget and instead is incorporated in the control account to which it has been distributed. Because undistributed budget is budget that is tied to work, it does form part of the performance measurement baseline. Undistributed budget accounts are to be cleared in a reasonably timely manner. Undistributed budget accounts are to be assigned to the performance measurement baseline when the work is established in the performance measurement baseline, normally within 90 days and prior to work starting. It is recognized that some circumstances, such as delays in contract direction will impact the timely assignment of undistributed budget to work packages.

*Typical Attributes:*

- Program control logs including:
  - o Undistributed budget (showing month end values; monthly sources and applications to control accounts; current value).
  - o Performance measurement baseline (showing month end values; monthly changes from/to management reserve and undistributed budget; current value).
  - o Contract budget base (showing month end values; monthly changes identifying contract modifications; current value).
- Monthly performance reports to verify that starting and ending values are consistent with various logs.

**OBSERVATION/FINDING:**

The EVMS description does not address provisions for undistributed budget or processes/procedures for managing such. Para 3.5.2 of the FRA EVM system description states “At the present time, Fermilab projects do not employ undistributed budget as described in the NDIA Intent Guide. The team could find no process that addresses the tracking, use, distribution, and accounting for undistributed budget. While there is a UB Log that shows funds in a UB status, that status is instantaneous, as it is negated in the next line by a debit or credit to management reserve.

The FAR has provisions for contract letters of authorization to proceed which authorize additions/deletions of scope and budget. Should DOE issue a letter of authorization to proceed pending the preparation, review, and approval of a BCP, the FRA projects currently have no process for managing such budget until the BCP is approved. Contract authorizations to proceed could direct additional scope and budget or the removal of scope and budget. Without a provision for UB, the projects have no process for segregation and management of such budget into a temporary holding account. The EVMS description should have a provision for UB and a process for the managing a UB holding account.

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