



Department of Energy

Washington, DC 20585

December 14, 2012

MEMORANDUM FOR DISTRIBUTION

FROM: INGRID KOLB
DIRECTOR
OFFICE OF MANAGEMENT

SUBJECT: Funding for Reviews Conducted by the Office of Acquisition and Project Management

The Fiscal Year (FY) 2012 Consolidated Appropriations Act (P.L. 112-74) requires the preparation of an Independent Cost Estimate (ICE) prior to Critical Decision 2 (CD), Approve Performance Baseline, and CD-3, Approve Start of Construction/Execution, for projects where the total project cost exceeds \$100 million. In addition, Department of Energy Order 413.3B, *Program and Project Management for the Acquisition of Capital Assets*, codifies those requirements, along with cost requirements for other critical decisions.

The Office of Acquisition and Project Management (APM, MA-60) is responsible for the ICE and Independent Cost Review (ICR) function, but has never been provided with the resources (FTEs or budget) to support it. The Office of Management (MA) has used prior year funding to meet this requirement, but that option will be exhausted by the end of FY 2013.

Starting in FY 2014, Programs will be required to fund ICEs and ICRs conducted by APM on a "pay as you go" basis. Current volatility with the budget and the timing of each project's execution makes it impractical to centrally manage those efforts from an APM account. Programs shall coordinate funding requirements with APM, and identify this funding in the Program Section of the budget as a separate activity "Office of Acquisition and Project Management (MA-60) Reviews" and within the Project Data Sheet, or equivalent. The cost of these reviews shall be included in the Total Project Cost as part of Other Project Cost as a separate element.

Based on preliminary discussions with your organizations and a review of expected activities for FY 2014, we believe this is a manageable, if not ideal, solution. Thank you for your support during these fiscally challenging times.

If you have any questions, please feel free to contact Michael Peek at (202) 586-8223 or Michael.Peek@hq.doe.gov.



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