

# EVM

## ensures fiscal responsibility

Matthew Montgomery | DCMA Public Affairs

### The Earned Value Management team at the Defense Contract

Management Agency Santa Ana office oversees 15 programs with a face value of more than \$1.2 billion. Ensuring these contracts are effectively monitored is the responsibility of a team of 10 specialists.

EVM is a tool to determine the performance of programs by comparing planned work with accomplished work as it relates to the associated dollar value. It has been a cornerstone of Department of Defense acquisition practices since the mid-1960s.

“Earned Value Management analysis helps to ensure taxpayer dollars are spent responsibly,” said Carlene Cooks, DCMA Santa Ana director. “By continuously looking at cost and schedule performance, it assures we are effectively tracking where and how program dollars are spent.”

Cooks said the EVM team illustrates the concept of stewardship as it relates to fiscal and data efficiency. “Our customers rely on our EVM specialists to regularly monitor the contractors’ implementation of effective cost and schedule management systems for producing reliable programmatic data useful for decision making.”

This data is used by leaders at all levels to make informed decisions about programs and make appropriate adjustments when necessary. Identifying cost and schedule issues early helps to

minimize their impact and formulate recovery plans in a timely manner.

An example is a program the team is currently supporting in which contracts are in place with three contractors. Eventually, a down-select will occur and one of the companies will be awarded a contract with full responsibility for the program.

Depending on the contractor, the current program percentage of physical completion ranges from 98 to 100 percent. “Due to fixes required resulting from a Functional Qualification Test, the program is overspent by approximately 130 percent with customer knowledge,” said Cooks. “This has caused the contractors to implement an unauthorized baseline or report against zero budget control accounts – actions in violation of one of the EVM standards.”

As a result, Cooks said the EVM team issued separate CARs to each of the contractors. The CARs were issued in December so the office is unable to quantify any savings so far. Even without a dollar figure, Cooks said it demonstrates the DCMA independent assessment role inherent in support of major programs by placing contractors on notice of

their noncompliance.

Tri Dinh, DCMA San Diego Engineer, Program Integrator and Manufacturing Group chief, said this is a great example of how the EVM team provides an independent assessment of contractor’s performance. “These assessments allow me as a leader to provide critical insights to customers on program status, which in turn enhances DCMA credibility and value.”

“It also assures the allocated budget for any given project is managed in the most efficient way possible,” continued Dinh. “In cases where the cost significantly exceeds the original budget, the use of EVM allows for traceability to identify how funding was used. The result is better planning and better estimates on future projects.”

Heading up the DCMA Santa Ana and San Diego team is EVM subject matter expert, Jim Baber. “We are focused on assessing the cost schedule and technical performance on major weapons systems, either in development or upgrade status.”

During his five-year span at DCMA, Baber said the earned value program has improved considerably. “When I first arrived, changes needed to be made,” said Baber. “We weren’t doing the surveillance

at the level we should have been, mainly because of manpower.”

A year after Baber’s arrival, a resource review was scheduled and ultimately resulted in hiring five additional Earned Value people.

“We were able to demonstrate what was not getting done and why the additional manpower was needed,” said Baber. The additional people were necessary to provide review of the myriad of programs overseen by the DCMA office.

“One of the things I preach, and the thing we do, is read everything pertaining to EV at each of our contractor sites,” said Baber. “This requires each EVMS specialist to be exceptionally conversant with all aspects of their contractors EVMS procedural documents.”

To accomplish this, EVM specialists spend many hours reading and analyzing policies and procedures for redundancies, inconsistencies and errors. Baber said this often results in reading hundreds of pages of contractor EVMS policy per contractor site.

“There have been many times we have found errors and inconsistencies, either within the contractor base documents, their EV manuals or standard policies pertaining to EV,” said Baber. “On several occasions, we have highlighted

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policy issues which cut across the entire contractor organization where we have effected a change to policy documents for the entire.”

Dinh said during EV audits, it is not uncommon for the team to find issues with variance analysis reports which either have incomplete root cause analysis of a problem or no analysis on the impact of the problem. “Variance analysis reports should provide detailed explanation of problems, impact to the program and what the contractor will do to correct the problem.”

“Corrective actions must be in the variance report with steps taken to address the issues in time before those issues could adversely affect cost,” continued Dinh. “The team issues Corrective Action Reports on a regular basis to correct issues identified with lack of EVM compliance. The correction of these deficiencies saves

money, time or both throughout the execution of any given program.”

Cooks said while EVM does not guarantee a program will come in on cost or on schedule, the use of established, validated processes leads to the most efficient use of resources. “EVM specialists are members of our Program Support Team and I rely on their assessments to identify cost and schedule variances. I expect their analysis to be reliable and credible. This establishes trustworthiness with our customers.”

Dinh said the work of Baber and his team allow for the agency to further improve their role as assigned by the Office of the Secretary of Defense. “As a result of DCMA’s EVM oversight, Defense contractors are working diligently to implement effective EVM processes and tools to comply with government EVM standards.”

Baber said his team serves a vital role as it pertains to stewardship and strives to ensure leaders are armed with the necessary knowledge to make informed decisions. “We are interested in the accuracy and validity of the documents and making sure decision makers can believe in the accuracy of the information coming out of the reports.” 



*Jim Baber, Defense Contract Management Agency Santa Ana Earned Value Management subject matter expert, reads and analyzes policies and procedures for redundancies, inconsistencies and errors. Baber and his team spend many hours reading hundreds of pages of contractor documents.*