



## Earned Value Management Systems Group (EVMSG) Business Practice 0 Earned Value Management Systems

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<b>DAI Code(s):</b>	D5460 – Execute Surveillance
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**Purpose:** Provides overarching guidance regarding how the Earned Value Management Systems (EVMS) Group defines and executes the EVMS assessment mission in support of the DoD acquisition process.

**Applicability:** This Business Practice (BP) applies to the following functional area: Earned Value Management System (EVMS). All EVMS Functional Specialists must comply with this manual and other related issuances to the maximum extent practicable.

**Policy:** It is DCMA policy to:

- a. Perform risk-based surveillance in support of Contract Administration Services and in compliance with Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), and other applicable regulations, supplements, directives and instructions, DCMA instructions and DCMA manuals (DCMA-MANs).
- b. Execute this Business Practice in a safe, efficient, effective, and ethical manner.

**Reference(s):**

- 1. Office of Management & Budget (OMB)**
  - a. OMB Circular A-11, Supplement to Part 7
  - b. Capital Programming Guide
- 2. Department of Defense Instruction (DoDI)**
  - a. DoDI 5000.85, Major Capability Acquisition
- 3. Federal Acquisition Regulation (FAR)**
  - a. 34.201: Earned Value Management System Policy
  - b. 42.202(e)(2): Assignment of contract administration
  - c. 52.234-4: Earned Value Management System
- 4. Defense Federal Acquisition Regulation Supplement (DFARS)**
  - a. 234.001: Definition
  - b. 234.201: Earned Value Management System Policy
  - c. 242.302 (S-71): Contract Administration Functions
  - d. 252.234-7001: Notice of Earned Value Management System
  - e. 252.234-7002: Earned Value Management Systems
  - f. 252.242-7005: Contractor Business System
- 5. Electronic Industries Alliance (EIA) 748**

a. EVMS Standard 32 Guidelines

**6. DoD Earned Value Management Systems Interpretation Guide (EVMSIG)**

**Definitions:**

1. **Earned Value Management Systems**: An integrated management system that integrates the work scope, schedule, and cost parameters of a program in a manner that provides objective performance measurement data. It measures progress objectively with earned value metrics; accumulates direct costs; allows for analysis of deviations from plans; facilitates forecasting the achievement of milestones and contract events; provides supporting data for forecasting of estimated costs; and fosters discipline in incorporating changes to the baseline in a timely manner. A compliant EVMS ensures the data is accurate, timely, and auditable.
2. **EVMS Compliance**: The initial and continuing implementation, operation, and maintenance of the contractor's EVMS in accordance with the EIA 748 EVMS Standard Guidelines.
3. **Approval**: A formal determination by the cognizant Contracting Officer (CO) in which a contractor's EVMS is compliant to the EIA 748 Standard.
4. **Material weakness**: A deficiency or combination of deficiencies in the internal control over information in contractor business systems, such that there is a reasonable possibility that a material misstatement of such information will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is – (1) Probable; or (2) More than remote but less than likely, as defined by DFARS 252.242-7002.
5. **Disapproval** (CO): A formal determination by the cognizant CO in which a contractor's EVMS is not compliant to the EIA 748 EVMS Standard Guidelines.
6. **Compliance Review**: Formal initial compliance assessment of the contractor's EVMS processes and implementation against all 32 EIA 748 EVMS Standard Guidelines.
7. **Surveillance Review**: Formal continuing compliance assessment of the contractor's EVMS processes and implementation against one or more of the EIA 748 EVMS Standard Guidelines.
8. **Request for Compliance Assessment**: A type of focused compliance review for continuing compliance assessment conducted on a contractor's EVMS to address an identified EVMS deficiency.
9. **Acquisition Policy and Innovation (API) Integrated Program Management (IPM) EVM Glossary**: Go to the following link for a comprehensive list of EVM definitions:  
<https://www.acq.osd.mil/asda/dpc/api/ipm/evm-definitions.html>

## **Roles and Responsibilities:**

1. **Group Director:** Leads the execution of all EVMS initial and continuing compliance assessment efforts. Coordinates support with all EVMS stakeholders including but not limited to: DCMA Special Programs, Supervisor of Ship Building (SUPSHIP), Department of Energy (DOE), Department of Navy (DON), etc.
2. **Team Supervisor:** Leads a team of Segment Leads and EVMS Specialists to execute DCMA's EVMS initial and continuing compliance assessment mission. Provides oversight of the team's effort and coordinates with all EVMS stakeholders in their assigned area of responsibility including but not limited to: the DCMA Contract Management Office (CMO), the cognizant Contracting Officer (CO), the Program Management Office (PMO) and the contractor.
3. **Segment Lead:** Non-supervisory functional leader who coordinates with their assigned EVMS Specialists to execute the EVMS compliance assessment mission.
4. **EVMS Specialist:** Works with fellow EVMS Specialist(s) and their assigned Segment Lead to execute the EVMS compliance assessment mission.

## **EVMS Organization**

Aligned under the DCMA Cost and Pricing Command (CPC), the EVMS Group is organized functionally into six teams and an Operations staff. The six functional teams are identified below along with their primary contractor assignments that are subject to change based upon risk management. Additional contractors not listed below are assigned to one of these teams.

1. Team A: Boeing (DCMAP-EA)
2. Team B: BAE/GD (DCMAP-EB)
3. Team C: Leidos/GE (DCMAP-EC)
4. Team D: Lockheed Martin (DCMAP-ED)
5. Team E: Northrop Grumman (DCMAP-EE)
6. Team F: Raytheon/L3Harris (DCMAP-EF)

## **Mission**

The EVMS Group contributes to the DOD acquisition process through actionable assessments of contractor effectiveness at supplier facilities, which provides stakeholders with expectations of future performance and potential impacts on individual contractors and/or programs.

## **EVMS Responsibilities**

DCMA's EVMS initial and continuing compliance assessment mission responsibility is defined in DFARS 234.201 "The Defense Contract Management Agency is responsible for determining earned value management system compliance when DoD is the Cognizant Federal Agency" (CFA) and DFARS 242.302 (S-71) "DCMA has responsibility for reviewing earned value management system (EVMS) plans and for verifying initial and continuing contractor compliance with DoD EVMS criteria. The contracting officer shall not retain this function." As such, DCMA is tasked to provide system compliance assessments for contractors who have not been previously determined Approved by the cognizant CO (initial compliance), and for contractors who have already been determined Approved by the cognizant CO (continuing compliance).

## **EVMS Applicability**

National Defense Authorization Act (NDAA) for Fiscal Year 2025 in section 823 "Updates to Earned Value Management System Requirements" increases the contract value threshold associated with EVMS requirements for cost contracts or incentive contracts from \$20,000,000 to \$50,000,000; and increases the contract value threshold associated with requiring a defense contractor to use an approved EVMS from \$50,000,000 to \$100,000,000. For these applicable contracts, DCMA will conduct both initial and continuing compliance assessments provided that the subcontractors are also a prime contractor with EVMS requirements elsewhere. For subcontractors that are not also a prime contractor with EVMS requirements elsewhere, DCMA will only conduct initial compliance assessments. Continuing compliance will only be conducted by exception, since the prime contractor is expected to ensure EVMS compliance of their subcontractor(s) when the 252.234-7002 DFARS clause has been flowed down to the subcontractor from the prime.

## **Business Practices**

The EVMS Group further defines execution of the EVMS initial and continuing compliance assessment mission via eight Business Practices (BP). All EVMS Group Business Practices should be reassessed annually to ensure continued compliance with regulatory requirements, DCMA policy &/or DoD guidance issuances.

Business Practice 1: EVMS Pre-Award Support

Business Practice 2: EVM System Description Review

Business Practice 3: EVMS IBR Support

Business Practice 4: EVMS Surveillance

Business Practice 5: EVMS Request for Compliance Assessment

Business Practice 6: EVMS Compliance Review

Business Practice 7: DCMA EVMS Compliance Metrics Configuration Control<sup>1</sup>

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<sup>1</sup> Business Practice 7 is for internal use

## Business Practice 8: EVMS Career Development Program<sup>1</sup>

Potential input, updates, edits, etc. to the existing BPs may be considered during the annual re-assessment activity. Submissions for BP update consideration should be sent to [dcma.lee.candp-cmd.mbx.pc-e-evms-team@mail.mil](mailto:dcma.lee.candp-cmd.mbx.pc-e-evms-team@mail.mil)

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<sup>2</sup> Business Practice 8 is for internal use