



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

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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 5000.02
- 3. Federal Acquisition Regulation (FAR)**
 - a. 34.201: Earned Value Management System Policy
 - b. 42.202(e)(2): Assignment of contract administration
 - c. 52.234-2: Notice of Earned Value Management System-Pre-award Integrated Baseline Review
 - d. 52.234-3: Notice of Earned Value Management System-Post-award Integrated Baseline Review
 - e. 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. **Significant deficiency**: A shortcoming in the system that materially affects the ability of officials of the Department of Defense to rely upon information produced by the system that is needed for management purposes, 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 a subset of the EIA 748 EVMS Standard Guidelines.
8. **Review 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.

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. Additional contractors not listed below are assigned to one of these teams.

1. Boeing Team (DCMAP-EA)
2. BAE/GD Team (DCMAP-EB)
3. General Team (DCMAP-EC)
4. Lockheed Martin Team (DCMAP-ED)
5. Northrop Grumman Team (DCMAP-EE)
6. Raytheon/L3Harris Team (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

DFARS 234.201 prescribes “For cost or incentive contracts and subcontracts valued at \$20,000,000 or more, the earned value management system shall comply with the guidelines in the American National Standards Institute/Electronic Industries Alliance Standard 748, Earned Value Management Systems (ANSI EIA 748).” For these applicable contracts, DCMA does not routinely conduct compliance assessments.

However, in accordance with Class Deviation 2015-O0017, it states: “the Government reserves the right to review the EVMS if the EVM reporting data appears suspect, e.g. when a contracting officer, program office, buying command, or higher headquarters asks for DCMA assistance due to a concern about the quality of EVM data reported on a given contract, or when the EVM data is not in compliance with one or more of the 32 EIA 748 guidelines.”

Additionally, Class Deviation 2015-O007, Earned Value Management System Threshold, prescribes all cost or incentive applicable contracts and subcontracts \$100,000,000 or more must be in compliance with the EIA 748 guidelines and have an EVMS determined to be acceptable by the cognizant Contracting Officer (CO). For these applicable contracts, DCMA will conduct both initial and continuing compliance assessments.

As DFARS 234.201 prescribes EVMS compliance to “cost or incentive contracts and subcontracts”, DCMA will conduct compliance assessments for subcontractors, as well as for prime contractors. When the prime contract &/or subcontract is \$100,000,000 or more, DCMA is responsible for both initial and continuing compliance assessments. DCMA memorandum 15-189 dated 9/17/2015 implemented the DFARS class deviation for the EVMS threshold change from \$50M to \$100M for requiring EVMS compliance determinations.

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 Control¹

Business Practice 8: EVMS Career Development Program²

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.gregg-adams.candp-cmd.mbx.pc-e-evms-team@mail.mil

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¹ Business Practices 7 is for internal use

² Business Practices 8 is for internal use