



Earned Value Management Systems Group (EVMSG) Business Practice 6 Compliance Review (CR)

Effective Date:	April 7, 2025
DAI Code(s):	D2000 – Receive and Review Workload D4000 – Surveillance Planning D5461 – EVMS System Compliance D6000 – Analyze Results (General) D6200 – Analyze Results (Corrective Actions)
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Approved by:	Ms. Donna Holden, Director, EVMS Group

Purpose: Defines the process to evaluate initial compliance of a contractor's EVMS in accordance with DCMA MAN 2301-01: Contractor Business Systems and DCMA MAN 2303-01: Surveillance.

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

Policy: It is DCMA policy to:

- a. Perform contractor EVM System Compliance Reviews 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. Federal Acquisition Regulation (FAR)**
 - a. 34.201: Earned Value Management System Policy
 - b. 42.202(e)(2): Assignment of contract administration
- 2. Defense Federal Acquisition Regulation (DFARS)**
 - a. 242.302 (S-71): Contract Administration Functions
 - b. DFARS 252.234-7002: Earned Value Management System.
- 3. Department of Defense Earned Value Management System Interpretation Guide (EVMSG)**
- 4. DCMA Manual**
 - a. 2301-01: Contractor Business Systems
 - b. 2303-01: Surveillance
- 5. Electronic Industries Alliance (EIA) 748**
 - a. EVMS Standard 32 Guidelines, section 2

Roles and Responsibilities:

1. EVMS Group Director

- a. Ensures organizational compliance with this BP.
- b. Ensures locally developed training, guidance and tools support execution of this BP.
- c. Ensures the EVMS Group has a process in place to review documentation and provide advice on identified weaknesses to the cognizant Contracting Officer (CO) and other relevant stakeholders.

2. Team Supervisor

- a. May serve as the "Review Chief."
- b. Ensures team compliance with this BP.
- c. Serves as the conduit between the Segment Lead and the Group Director to resolve gaps in policy/manuals/guidance.
- d. Assists and mentors their team with the implementation of this BP.
- e. 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 cognizant Contracting Officer (CO), DCMA Contract Management Office (CMO), the Program Management Office (PMO) and the contractor.
- f. Ensures relevant files are routed through internal document control in accordance with this BP prior to distribution.
- g. Ensures relevant files are retained in the Agency system of record.
- h. Communicates and coordinates review results with appropriate stakeholders.

3. Segment Lead

- a. May serve as the "Review Chief" or "Review Deputy" if directed by the Team Supervisor.
- b. May serve as the "Area Team Lead" or "Interview Team Lead" if assigned by the CR leadership.
- c. Non-supervisory functional leader who ensures segment compliance with this BP.
- d. Plans, schedules, and executes this BP in coordination with the Team Supervisor.
- e. Communicates status with the CO, CMO, PMO, and contractor, as applicable.
- f. Oversees the efforts of the assigned EVMS Specialist(s) in accordance with the process defined in this BP, ensuring resources are properly allocated.
- g. Coordinates with the CO on contractor EVMS business system status.
- h. Ensures that submitted work products are timely, accurate and distributed appropriately.

4. EVMS Specialist

- a. May serve as the "Review Deputy" if directed by the Team Supervisor.
- b. May serve as the "Area Team Lead" or "Interview Team Lead" if assigned by the CR leadership.
- c. Executes the process defined in this BP, including related direction received from chain of command.
- d. Maintains communications with assigned Segment Lead and ensures submitted work products are timely and accurate.

5. Contracting Officer (referred to as "CO" in this issuance). Coordinates with the EVMS

Group and appropriate team within the group for review of the contractor's EVMS.

PROCESS:

Overview: EVMS reviews shall be conducted in accordance with DCMA MAN 2301-01: Contractor Business Systems, DCMA MAN 2303-01: Surveillance, the EVMSIG, and the requirements of this business practice at all contractor and subcontractor sites where there is a contractual requirement for EVMS initial compliance (i.e. compliance review). The responsibilities and procedures contained herein are equally applicable for assessing compliance for both prime contractors and subcontractors alike as defined in FAR 34.201. Except where specifically stated within this business practice, the term "contractor" applies equally to subcontractors as well as prime contractors, and specifically establishes a requirement for communication with the prime contractor associated with the subcontractor and the cognizant CO.

An EVMS Compliance Review (CR) is a comprehensive assessment of a contractor's system, which is comprised of a System Description (SD), command media, processes, related tools, and the contractor's ability to implement the EVM system on contracts with an EVMS requirement. Demonstrating and documenting compliance to the 32 Guidelines in the EIA (Electronic Industries Alliance) 748 EVMS standard is the intention. There are three steps for evaluating compliance:

- Step 1: Assess whether the contractor's EVM SD adequately documents how its system meets the intent of the 32 Guidelines;
- Step 2: Evaluate the contractor's ability to demonstrate the EVMS implementation as described in the SD and supplemental procedures;
- Step 3: Verify whether the EVMS is providing timely, accurate, reliable and auditable data.

The Review Chief works with the cognizant contracting officer through the Contractor Business System (CBS) process as described in DCMA-MAN 2301-01.

2. Special circumstances:

- For Special Programs (SP) contract(s), if there is "mainstream" (i.e. non-SP, "low side") contract data available, the use of SP contract data to perform the CR is optional at the direction of the SP Director or delegate.
- For subcontracts, when a DoD prime contract does not exist and there is no cognizant CO assigned to the subcontractor's corporation, the EVMS Specialist coordinates expectations with the CACO/DACO Division leadership in the DCMA Cost and Pricing Command.
- When DCMA is not the Cognizant Federal Agency (CFA) for delegations such as NASA, SUPSHIP, DOE, etc., the EVMS Group provides the assessment of compliance to the appropriate CFA and the CFA takes all follow up actions.

3. Risk Assessment: Risk assessment is an ongoing and continuous process.

DCMA requires risk assessments for each EVMS event, including CRs. The risk rating evaluation assesses the likelihood that the CR will result in the occurrence of a deficiency as well as the consequence of that deficiency to the system health. The Segment Lead uses the Event Based Risk Tool (EBRT, see Business Practice 4) to determine likelihood and consequence ratings, with accompanying rating justifications. The Segment Lead documents the risk ratings and justifications in the DCMA official surveillance plan record.

PLAN:

4. Initiate CR: Several stakeholders may initiate a CR request for contracts containing the EVMS clause or the flow-down clause from a prime contract to a subcontract. Stakeholders may include, and are not limited to:
 - a. DCMA Cost and Pricing Command CACO/DACO Division contracting officers
 - b. CMO Administrative Contracting Officers (ACO)
 - c. DCMA Program Support EV analysts (EV program analysis function)
 - d. Program Management Office (PMO)
 - e. Program Executive Office (PEO)
 - f. Procuring Contracting Officer (PCO)
 - g. Prime contractor (for subcontractor or applicable inter-company work authorization)
 - h. Service Commands
 - i. Other supported agencies (NASA, SUPSHIP, USCG, MDA, DOE, etc)

Upon notification of the CR requirement, the EVMS Group Team Supervisor shall coordinate completion of the request via the DCMA EVMS Review Request Information Sheet (RRIS) (Attachment A). The Team Supervisor shall review and forward to the Group Director. After the Group Director reviews and concurs that it is a valid CR requirement, the Team Supervisor shall process the RRIS through internal document control and must digitally sign the RRIS and then forward to the Group Director who must also digitally sign the RRIS. The fully signed RRIS must be archived in the Agency system of record.

A CR is required for any EVM system that has not been formally reviewed for compliance through a comprehensive assessment of all 32 guidelines. A system is the combination of contractor processes, people, and tools. A contractor may have multiple divisions operating under different systems at a single location based upon the command media, tools, and/or management directing implementation. In such a case, those systems would be evaluated through distinctly separate reviews in accordance with direction from the cognizant CO.

A CR may also be required when, due to merger/acquisition activity, a legacy CR and resultant Contractor Business System (CBS) assessment is no longer applicable due to the significant change in the system's components employed and with the concurrence from the cognizant CO.

5. Initial Visit: A CR may warrant an Initial Visit (IV) within the CR process. The

IV provides an opportunity for early dialogue between DCMA and the contractor on the CR process, expectations, and potential problems with the EVMS processes and procedures.

If the contractor and DCMA mutually agree that an IV is warranted, the Review Chief sends an IV notification memorandum (Attachment P) to the contractor explaining the scope, purpose, and time period of the IV no later than 90 calendar days prior to the IV. The IV notification memorandum shall be processed through internal document control and must be reviewed and digitally signed by the Team Supervisor (or designee) and be archived in the Agency system of record. The notification should also identify facility requirements (if on-site review is conducted) and the data call items required to conduct the review (Attachment C).

The IV consists of a preliminary data analysis using the DCMA EVMS Compliance Metrics (DECM) selected by the Review Chief. The IV team does not conduct interviews during the IV. The Review Chief shall invite key government EVMS stakeholders that may include the CO, PMO and CMO personnel to accompany the CR Team on the visit. At the start of the IV activities, the Review Chief (or designee) must present an entrance brief (Attachment Q, preliminary results) to the contractor to introduce the purpose, objectives, and process of a CR. At the end of the IV activities, the Review Chief (or designee) must present an exit brief (Attachment Q, updated with final results) to the contractor to clearly present the results and a path forward.

The Review Chief shall provide the Group Director a draft IV Report (Attachment R) within 10 calendar days after completion of the IV. The IV Report documents the team's analysis and assessments. Due to the limited nature of the analysis and follow-up during an IV, the Review Chief makes an assessment of the severity of the identified issues and determines if a Corrective Action Request CAR(s) is warranted per DCMA Manual 2303-01.

The EVMS Group Director has 5 calendar days to review the draft IV report and provide feedback and required edits. Within 10 calendar days following the Group Director's review, the Review Chief must incorporate feedback from the Group Director and submit the IV report to the Team Supervisor (or designee) for final review and approval. Once the Team Supervisor (or designee) is ready to approve the report, the Team Supervisor (or designee) must follow internal document control procedures and digitally sign the report, and forward the report to the cognizant CO, PMO, the contractor, and CMO POCs (forwarding the report may be delegated to the Review Deputy). Final IV report approval and distribution to recipients must occur within 45 calendar days of the event out-brief to the contractor.

A full CR should not be conducted on an approved system when a contractor makes minor changes to the system. Assessment of the changes and impact to the system is considered and evaluated at the discretion of the Team Supervisor or Group Director as to whether a full CR is warranted. If a full CR of all 32 Guidelines is not necessary, the changes shall be considered in the risk assessment for continuing surveillance (see Business Practice 4), as part of post-approval oversight.

6. Update CR Schedule: The Group Director has the authority to determine whether a CR is required, and at least annually will:
 - a. Verify that each EVMS Team Supervisor reviews CBS status and coordinates with the CO to identify any changes.
 - b. Identify new or developing requirements based upon contract receipt and review.
 - c. Develop a plan of expected CRs at least 120 calendar days prior to the beginning of the next fiscal year.
7. Plan CR: The Review Chief plans the CR dates and requests and assigns resources for the reviews. The typical review team size is 10-12 personnel and should be scaled based on the expected scope and complexity of the review.

The Review Chief is responsible for determining the review team requirements and requesting the Group Director's concurrence prior to proceeding with any CR activities.

The team should be composed of personnel assigned to the EVMS Group Team conducting the review and other personnel committed to the review by respective supervisors from other EVMS Group Teams. All personnel committed to the review during pre-review, review execution, and post-review activities must be available to the Review Chief. Respective supervisors of assigned personnel must ensure their "home team" workload is properly managed over the review execution timeframe by minimizing interference with the CR.

Prior to the review, the Review Deputy, with approval from the Review Chief, assigns the EVMS Specialists to Interview Teams and Area Teams. Each team is assigned a Team Lead. These teams organize and work together to identify areas of potential deficiencies prior to the review. The Defense Contract Audit Agency (DCAA) may help provide subject matter expertise in the areas of "Accounting" and "Indirect Management". The Review Deputy determines the DCAA contact and invites him/her to be a part of the review team. At a minimum, the Team Lead reviews the most recent DCAA related audits (Accounting, Estimating, Material Management & Accounting System (MMAS)) to determine if relevant information exists to consider for the review effort. In addition to DCAA, the team should include other stakeholders such as CMO representatives and buying command. It is the Review Chief's responsibility to check with other stakeholders to include as working team members. The Area Team Leads and Interview Team Leads assign duties and deadlines for team member products and reviews these products prior to arriving on site. The Review Chief provides CR guidance for the EVMS Specialists to communicate team member assignments, team roles, expectations, and team member products.

CONDUCT:

8. Notification: The EVMS initial compliance review notification/data request memorandum (Attachment B) must be routed through internal document control, reviewed by the Group Director, digitally signed by the Team

Supervisor, and must be sent to the cognizant contracting officer (CO) no later than 100 calendar days prior to the planned start of the review with the contractor. The Review Chief coordinates with the cognizant CO for issuance of a notification to the contractor. The CO should issue their own notification to the contractor explaining the review requirement, scope, purpose, and time period of the review no later than 90 calendar days prior to the CR. The notification should also identify facility requirements (if on-site review is conducted) and the data call items (Attachment C) required to conduct the review.

9. Data Call: The notification letter includes the request for EVMS documentation and data for use during the CR. The notification letter must request the contractor deliver the data to DCMA no later than 45 calendar days prior to the scheduled start date of the CR. It is important to request only data pertinent to executing the review. Working with the contractor, the Review Chief must:
 - a. Identify the specific documents and tool outputs referenced in the company's SD or supporting command media (e.g., the Risk & Opportunity Register, Baseline Change Logs, and Corrective Action Log). All specific documents referenced in the SD in support of the system must be included in the data call artifact spreadsheet to allow for development of a storyboard. All other EVMS related directives may be included as needed in support of the CR.
 - b. The Review Chief also requests the documentation and results, including internally issued CARs of recently conducted contractor internal reviews.

In cases where the contractor is non-responsive to the data call, refer the issue to the cognizant CO to follow up with the contractor in writing.

10. Other Data Sources: As part of ensuring effective implementation of the contractor's EVMS, some contractors conduct internal audits/reviews. The team should leverage internal audit information to the extent that the contractor is willing to share, in good faith, any corrective actions required or in place. The Review Chief is responsible for requesting the internal audit results in advance of the CR. This should be provided to DCMA no later than 45 calendar days prior to the scheduled start date of the CR.

The Review Deputy conducts a review of DCMA CARs history to identify open DCMA EVMS CARs. Any open DCMA EVMS CARs should be addressed and investigated during the review. If the findings are related, the open EVMS CARs should be closed upon completion of the CR activities and reissued with the CR findings if said deficiencies still exist. Condition statements related to closure of open EVMS CARs and discussion of repeat findings uncovered during the CR must be included in the CR report package.

11. Data Analysis: The Data Analysis (DA) is a critical aspect of successfully completing the CR and must include a complete review of all DECMs pertinent to the CR that can be evaluated during the pre-event phase. The objective of DA is to identify risk areas in the EVMS and develop interview questions with details and backup information to enable effective follow-up. The Review Deputy and Review

Chief must ensure a thorough data analysis is completed.

Using the latest approved version of the DECMs, the review team must complete the DA at least two weeks (14 calendar days) prior to the CR start date to allow time to isolate issues and develop follow-up questions to be documented in the Interview Findings Form (IFF) (Attachment D). Any part of the data analysis that cannot be conducted during this phase must be conveyed to the Review Chief for situational awareness prior to the interview planning stage.

12. Interview Planning: To ensure complete coverage of all five EVMS areas, the Review Chief and Review Deputy must select key contractor personnel for interviews including but not limited to: the Program Manager (PM), Business Finance Manager, Indirect Managers, Planning/Scheduling Manager, Risk Manager, Functional Managers, Integrated Product Team Leaders, Material Planners and/or Production Managers, as well as the Control Account Managers (CAMs). To ensure complete coverage of the system, the following criteria should be considered when selecting CAMs and other personnel to be interviewed:
 - a. Potential deficiencies identified during data analysis requiring follow-up
 - b. Live demonstration of EVMS processes/tools
 - c. Total Budget at Completion (BAC) of the control accounts
 - d. Program risk and opportunity areas
 - e. Frequency of EVMS process, implementation, or performance measurement data issues or anomalies
 - f. Control accounts (CA) with the highest amounts of Budgeted Cost of Work Remaining (BCWR)
 - g. Earned Value Methods used (discrete, level of effort, and apportioned)
 - h. Elements of Cost (labor, material, other direct costs, and subcontract(s))
 - i. Critical path or near critical path activities
 - j. CAs with significant cost/schedule variances and/or frequent baseline changes
 - k. Stakeholder areas of concern
13. Pre-Event Brief: A pre-event brief (Attachment E) must be held to ensure the government team has completed all pre-event activities and is prepared for the event. This should be scheduled to occur no later than one week (7 calendar days) prior to the CR start date. The meeting is led by the Review Chief with assistance from the Review Deputy to brief the Group Director (or designee) on data analysis results, interview schedule and scheduled dates for follow-on actions.
14. DCMA Entrance Briefing: The Review Chief (or designee) must present an entrance brief (Attachment F) to the contractor to introduce the purpose, objectives, and process of the review. The opening meeting may include technical and administrative staff involved in the review. It may also include CMO leadership or other stakeholders as appropriate. This meeting addresses the scope of the review and discusses potential timing issues that

could influence the review. If an IV was conducted, the entrance briefing may occur anytime but no later than the first day of the on-site CR. If an IV was not conducted, the entrance briefing should occur before the on-site CR and allow enough time for all parties to understand the CR process and expectations prior to the review team arriving on-site.

15. Contractor Entrance Briefing: The Review Chief shall request the contractor provide a presentation at the commencement of the CR activities but no later than the first day of the on-site CR. The contractor should provide an overview of the system's design and operation that describes system process flows/traces and applicable reports. If applicable, the overview identifies EVMS changes, open CAR or Corrective Action Plan (CAP) actions, and potential deficient area(s).
16. CR Activities: After the opening meeting(s), the team conducts the review by performing the following activities:
 - a. The contractor personnel interviews (e.g. CAM, program manager, scheduler, finance) must be conducted and documented on the appropriate IFF (Attachment D). The EVMS Specialist shares each final IFF (post-interview version) with the team leads, Review Deputy, and Review Chief via posting to SharePoint (or other location deemed appropriate by the Review Chief). The Review Deputy or Review Chief must review every IFF for adequacy during the review and provide feedback as necessary.
 - b. Review the implementation of procedures, manuals and processes.
 - c. Assess the adequacy of internal management controls.
 - d. Identify any additional documentation needed to complete any review work or to provide answers to questions presented during the interview. A formal document request form (Attachment G) is created and provided to the contractor for traceability and file/information request tracking. The Review Chief ensures that a thorough review of files/information already provided by the contractor has been conducted before requesting additional documentation.
 - e. Conduct daily government team meetings/interview debriefings (Attachment I) to provide a short summary of each interview, review any findings and focus the emphasis of remaining interviews.
 - f. Document deficiencies in Deficiency Reports (DRs) as required (Attachment H).
 - g. Provide the contractor (typically at end of each day) a daily informal status of review activities, preliminary findings, and all draft DRs as they are approved for release by the Review Chief.
17. Exit Brief: Before the conclusion of the CR, the Review Chief briefs the Group Director (or designee) on the preliminary findings using the exit briefing template (Attachment J). After the Group Director concurs with the briefing content, the Review Chief briefs the contractor on the preliminary findings and next steps. This brief should highlight that preliminary and final findings may differ. Any contractor work to address preliminary findings will be at-risk if the preliminary and final findings differ.

REPORT:

18. Draft CR Report Package: The Review Chief shall provide the Group Director a draft CR Report Package within 25 calendar days after completion of the CR phase. The CR Report Package consists of all DRs (Attachment H), the draft Level I/II CARs, the EVMS Report (Attachment K), Business System Analysis Summary (BSAS) (Attachment K1) and a draft CO CR Report Package Transmission Memorandum (Attachment L). The report, BSAS, and transmission memo must each be routed through internal document control and each must be digitally signed by the Review Chief (and Team Supervisor, if different from the Review Chief) before sending to the CO and any other stakeholders. The Report Package is the Review Chief's assessment of the EVMS; it provides the detailed findings as well as emphasizes the material issues affecting programmatic decision-making, if any. The intent of the report is to provide a summary of what identified deficiencies mean in terms of mitigating issues in the data delivered from the EVMS, as well as areas that need to be addressed by the contractor to improve the operation of their EVMS. The Review Chief shall notify the Group Director if more than 25 calendar days is required to prepare and submit the Draft CR report package.
 - a. Deficiency Reports (DRs). Form (Attachment H) used to document EVMS deficiencies.
 - b. Draft Level I/II CAR(s): DRs are incorporated into appropriate DCMA CAR(s). CAR levels are defined in DCMA Manual 2303-01: Surveillance. The Review Chief ensures a single draft CAR per guideline is produced for all identified deficiencies. Each draft CAR includes all the deficiencies identified for that particular guideline. The CAR(s) will formally be issued upon EVMS Group Director approval of the entire CR report package. The CO must be copied on level II CAR(s) when they are issued.
 - c. Draft Level III/IV CAR(s): In accordance with DCMA Manual 2301-01: Contractor Business Systems, the review team EVMS specialists draft and submit level III or IV CARs for potential material weakness(es) to the ACO. The draft Level III or IV CAR(s) include the deficiencies described in the BSAS as material findings. Per DCMA Manual 2303-01, only COs are authorized to issue Level III/IV CARs. Therefore, the Review Chief works with the CO to determine the number of draft Level III/IV CARs and how the draft CAR(s) are reflected in the system of record.
 - d. EVMS Report: The Review Chief provides an EVMS CR Report (Attachment K) as well as a BSAS (Attachment K1). The finalized report must be routed thru internal document control and digitally signed by the Review Chief (and Team Supervisor, if different from the Review Chief). In accordance with DCMA Manual 2301-01: Contractor Business Systems, the BSAS report must not declare findings as material or not material, recommend approval or disapproval of a business system, or replace or supplement the CO's initial determination letter. The BSAS assesses each finding in terms of how it materially impacts the performance measurement data and the ability to utilize the data to make programmatic decisions.

- e. Business System Analysis Summary (BSAS) template: The BSAS template is a CO document which is maintained by the Contracting organization. The Review Chief populates the BSAS template using the most recently updated template format. A BSAS template is not required for a subcontractor CR as a business system determination is not applicable. The completed BSAS must be routed through internal document control and be digitally signed by the Review Chief (and Team Supervisor, if different from the Review Chief).
 - f. CO CR Report Package Transmission Memo: The Review Chief summarizes the findings to the CO (Attachment L). The memo (along with the report and BSAS) must be routed thru internal document control and be digitally signed by the Review Chief (and Team Supervisor, if different from the Review Chief) before sending to the CO and any other stakeholders.
19. Group Director Review: The Group Director has 5 calendar days to review the draft CR report and provide feedback and required edits.
20. Report Finalization: Within 10 calendar days following the Group Director's review, the Review Chief must incorporate feedback from the Group Director and submit to internal document control a final version incorporating the Group Director's feedback. This time period includes any follow-up conversations on incorporated changes from the Group Director, as needed.
21. Report Package Processing: After Group Director approval, the Review Chief (or designee) must follow internal document control procedures by having the Review Chief (and Team Supervisor, if different from the Review Chief) digitally sign the report, BSAS, and transmission memo and send the entire report package to the cognizant CO. Final CR report package approval and distribution to recipients must occur within 45 calendar days of the event out-brief to the contractor. The Review Chief must issue the Level I/II CAR(s) to the contractor on the same day that the report package is sent to the CO. For a prime contractor, the complete CR report package (EVMS CR Report, BSAS and draft Level III/IV CAR(s)) are to be provided to the CO in accordance with DCMA Manual 2301-01: Contractor Business Systems and DCMA Manual 2303-01: Surveillance.
22. EVMS Determination Process: Refer to DCMA Manual 2301-01: Contractor Business Systems for EVMS Group required steps to support the CO's responsibility to complete the initial and final determinations of acceptability of the contractor's business system and approving or disapproving the system.
23. Corrective Action Request (CAR): When one or more deficiencies associated with the contractor's EVMS are identified by DCMA as part of the CR, a separate Level I/II CAR are issued to the contractor, and copied to the CO, for each deficient guideline, concurrent with the issuance of the CR report package to the CO. If subsequent to issuance of the Level I/II CAR(s), the cognizant CO issues a Final Determination of non-compliance with material weaknesses, the draft Level III/IV CAR(s) may be finalized by the cognizant CO. If Level III CARs are warranted, then the issuance, CAP acceptance/rejection, and CAR closure authority resides solely with the

cognizant CO in accordance with DCMA Manual 2303-01: Surveillance. If the cognizant CO issues the Level III/IV CAR(s), the EVMS specialist closes the related Level I/II CAR(s). The EVMS Group should support the CO throughout the aforementioned business system determination process.

24. Subcontractor CAR(s): It is the Prime contractor's responsibility to ensure that mandatory flow down provisions contained in the FAR and DFARS are included in subcontractor contracts, and it is the Prime contractor's responsibility to enforce compliance standards over its subcontractors. When EVMS applies at the subcontractor via mandatory flow down through the Prime contract and the subcontractor also has prime contract(s) with the DoD that have the EVMS requirement, the level I or II CAR(s) may be issued directly to the subcontractor by DCMA. In cases of EVMS non-compliant deficiencies at the subcontractor and the subcontractor does not also have prime contract(s) with the DoD that have the EVMS requirement, the level I or II CAR(s) must be redacted and issued directly to the prime contractor since they are the only entity with legal authority to issue CARs directly to the subcontractor¹. In this case, it is the Prime contractor's responsibility to ensure the government gets a viable corrective action plan and the subcontractor corrects the deficiency. It is incumbent upon the EVMSG to continue to work with the subcontractor on corrections since the Prime may not be able to see all evidence of correction due to proprietary subcontractor data restrictions. For subcontractor Level III CAR(s), the Team Supervisor notifies the cognizant CO of any potential Level III CAR(s) that are found and works closely with the CACO/DACO Division in the DCMA Cost and Pricing Command to ascertain the best path forward.

25. Corrective Action Plan (CAP) Review and Acceptance: With the issuance of a CAR, a CAP from the contractor is required. The Review Chief must ensure the CAP contains the following in accordance with DCMA Manual 2303-01: Surveillance:

- a. Root cause of the deficiency.
- b. Actions taken to correct the current specific deficiency.
- c. Corrective action taken or planned to eliminate deficiency.
- d. Action taken to prevent recurrence of the deficiency.
- e. Determination of whether other processes are affected by the identified root cause.
- f. Determination of whether other financial costs/products/services are affected by the identified root cause, including product already delivered to the customer.
- g. Target date(s) for implementation of planned actions:
 - Corrective Action Approved Date
 - Corrective Action implementation Date
 - Verification Date
 - Validation Date

26. CAP Monitoring and Closure: The Review Chief monitors and tracks CAP

¹ Reference DCMA action memo with "EVMS Privy Opinion" from DCMA Office of General Counsel dated 6/13/2024

activities to closure. The Review Deputy in conjunction with the cognizant EVMS Specialist updates the System Surveillance Plan (SSP) to include CAP Monitoring/Assessment Events as prescribed in Business Practice 4 (BP4).

- a. Level I/II CAR(s): The Review Chief determines if the contractor is effectively implementing the CAP. The Review Chief shall monitor the contractor's progress in correcting deficiencies as outlined in the contractor's CAP. Accordingly, when the contractor notifies the Review Chief in writing all system deficiencies have been corrected, the Review Chief shall review the corrections to determine if the deficiencies have been resolved. The verification may include staff interviews, performance of tests, or reviewing new procedures. If the CAP review indicates the deficiencies have been corrected, the Review Chief closes the CAR(s). The Review Chief should follow-up with an email to all stakeholders informing them of the CAR closure.
- b. Level III and higher CAR(s): In consultation with the Review Chief, the CO determines if the contractor is effectively implementing the CAP. The CO and the Review Chief shall monitor the contractor's progress in correcting deficiencies as outlined in the contractor's CAP. Accordingly, when the contractor notifies the CO in writing that all system deficiencies have been corrected, the CO may request the Review Chief review the corrections to determine if the deficiencies have been resolved. The verification may include staff interviews, performance of tests, or reviewing new procedures.
- c. If the CAP review indicates the deficiencies have been corrected, the Review Chief (or designee) drafts a memorandum for record and the Review Chief approves, routes through internal document control, and Review Chief (and Team Supervisor, if different from the Review Chief) digitally signs a memorandum for record that is sent to the CO (Attachment M) indicating satisfactory correction for all documented issues and/or whether further actions are necessary along with requisite documentation.

27. Stakeholder Reporting: For EVMS assessments at sites with reportable programs, the EVMS specialist shall ensure the Business System Status section on the applicable Program Support Team (PST) collaboration site is updated monthly IAW DCMA Manual (DCMA-MAN) 3101-01.

- a. Provide supporting information concerning any EVMS Contractor Business System (CBS) issues within the PST site.
- b. Provide an impact statement for any EVMS CARs affecting a program, especially if a Level III or IV CAR is present.

The information provided by the EVMS Specialist on the PST collaboration site may include but is not limited to: surveillance event results/status, compliance review results, new CAR/CAPs issued and/or CAR/CAP status updates.

28. Document Naming Convention – All documents requiring archival shall use the naming convention CAGEDocTypeDAYMONYYYY.

29. Classification Markings – The author of any document(s)/attachments(s) related to this BP shall ensure appropriate classification IAW applicable laws, regulations, and Government-wide policies, and the safeguarding and protection requirements for each.
30. Documentation Control and Archival - The following documents must be routed through EVMS Group internal document control so they can be assigned a document control number prior to distribution outside of the EVMS Group:
- Attachment A – EVMS Review Request Information Sheet (RRIS)
 - Attachment B – CO CR Notification Memo
 - Attachment K – EVMS Report (Group Director approval required)
 - Attachment K1 – BSAS report (Group Director approval required)
 - Attachment L – CO CR BSAS Transmission memo (Group Director approval required)
 - Attachment M – CO CAP Closure Memo
 - Attachment P – IV Notification Memo
 - Attachment R – IV Report

Once digitally signed, Attachments A, B, K, K1, L, M, P, and R of this business practice must be archived within the Agency system of record.

Potential input, updates, edits, etc. to this BP 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

NOTE – In compliance with DCMA manual 3101-04, communications containing reports or other deliverables that are sent outside of the agency must contain a statement and link to the DCMA Customer Satisfaction Survey (i.e. “We greatly appreciate your feedback to help us better support your needs, please complete a brief survey at: <https://www.dcma.mil/Customers/Customer-Satisfaction-Survey/>”)

ATTACHMENTS:

- A. EVMS Review Request Information Sheet (RRIS)
- B. CO CR Notification Memorandum
- C. EVMS CR Data Item List
- D. Interview Findings Form (IFF)
- E. Pre-Event Brief
- F. Entrance Brief
- G. Document Request Form
- H. Deficiency Report Form (DR)
- I. Interview Debrief Form
- J. Exit Brief
- K. EVMS Review Report Template

- K1. BSAS Template
- L. CO CR Report Package Transmission Memorandum
- M. CO CAP Closure Memorandum
- N. <Reserved>
- O. <Reserved>
- P. CO IV Notification Memorandum
- Q. IV Event Brief
- R. IV Report Template

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