



## **Earned Value Management System Center (EVMSC)**

### **Business Practice 0**

### **Earned Value Management Systems**

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<b>Effective Date:</b>	11/1/2023
<b>DAI Code(s):</b>	D5460 – Execute Surveillance
<b>Point(s) of</b>	Danielle Bemis, Policy Lead
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**Purpose:** Provides overarching guidance regarding how the Earned Value Management Systems (EVMS) Center defines and executes the EVMS assessment mission in support of the DoD acquisition process.

#### **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 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 compliance assessment of a contractor's EVMS processes and implementation against the EIA 748 EVMS Standard Guidelines.
7. **Review for Cause**: 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. **Director** Functions as the primary POC for execution of all EVMS efforts. Provides final adjudication and review of all products from these efforts. As applicable, coordinates with all EVMS stakeholders, i.e. DCMA Special Programs, Supervisor of Ship Building (SUPSHIP), Department of Energy (DOE), Department of Navy (DON), etc.
2. **Group Lead** Leads team of EVMS specialists to execute DCMA's EVMS compliance assessment mission. Provides oversight of the team's effort and supports communications with the DCMA Contract Management Office (CMO), the cognizant Contracting Office, (CO), the Program Management Office (PMO) and the contractor.
3. **Segment Lead** Leads and coordinates with team member(s) to execute EVMS mission.
4. **Team Member** Works with team member(s) and Segment Lead to execute EVMS mission.

## **EVMS Organization**

Aligned under the DCMA Portfolio Management & Business Integration Directorate (PM&BI), the EVMS Center is organized functionally into six Groups along with our Headquarters staff. The six Groups align with the Cost & Pricing Center Corporate structure. The six Groups are detailed below. Additional contractors not listed below are assigned to a Group either through their alignment with the Cost & Pricing Center or by geographic location.

Lockheed Martin  
General Group  
Boeing Group  
BAE/GD Group  
Raytheon/L3Harris Group  
Northrop Grumman Group

## **Mission**

The EVMS Center 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**

The DCMA EVMS Center is the primary DoD designate tasked to accomplish the DFARS EVMS mission. DCMA's EVMS compliance assessments 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). The EVMS Center is responsible for assessing compliance for all contracts containing DFARS clause 252.242-7002, to include CONUS and OCONUS contracts, as well as contracts delegated by Special Programs to the EVMS Center.

## **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, “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 million or more must be in compliance with the EIA 748 guidelines and have an EVMS determined acceptable by the cognizant Administrative Contracting Office (ACO). 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.

## Business Practices

The EVMS Center further defines execution of our EVMS DFARS mission via eight Business Practices (BP). All EVMS Center Business Practices require an annual re-assessment to ensure continued compliance with regulatory requirements, DCMA policy &/or DoD guidance issuances. EVMSC BPs align to typical acquisition programmatic lifecycles (Figure 1).

Business Practice 1: EVMS Pre-Award Support

Business Practice 2: EVM System Description Review

Business Practice 3: EVMS General 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>

Business Practice 8: EVMS Career Development Training<sup>2</sup>

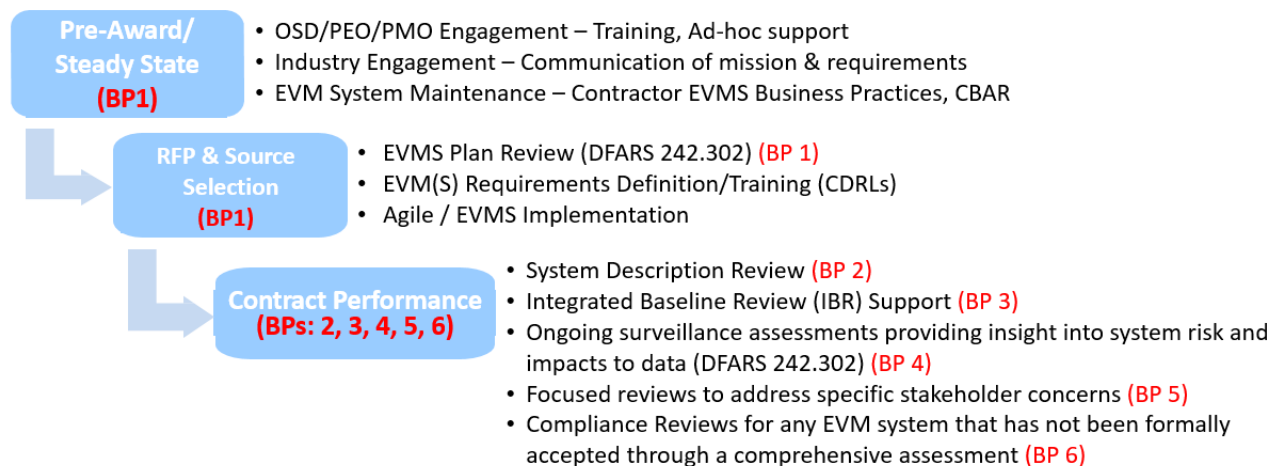


Figure 1. BP alignment to Contract Life Cycle

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.hq.mbx.dcma-pix-evms-center@mail.mil](mailto:dcma.gregg-adams.hq.mbx.dcma-pix-evms-center@mail.mil).

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

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

In addition, all the EVMS Center BPs directly align to PM&BI processes (Figure 2).

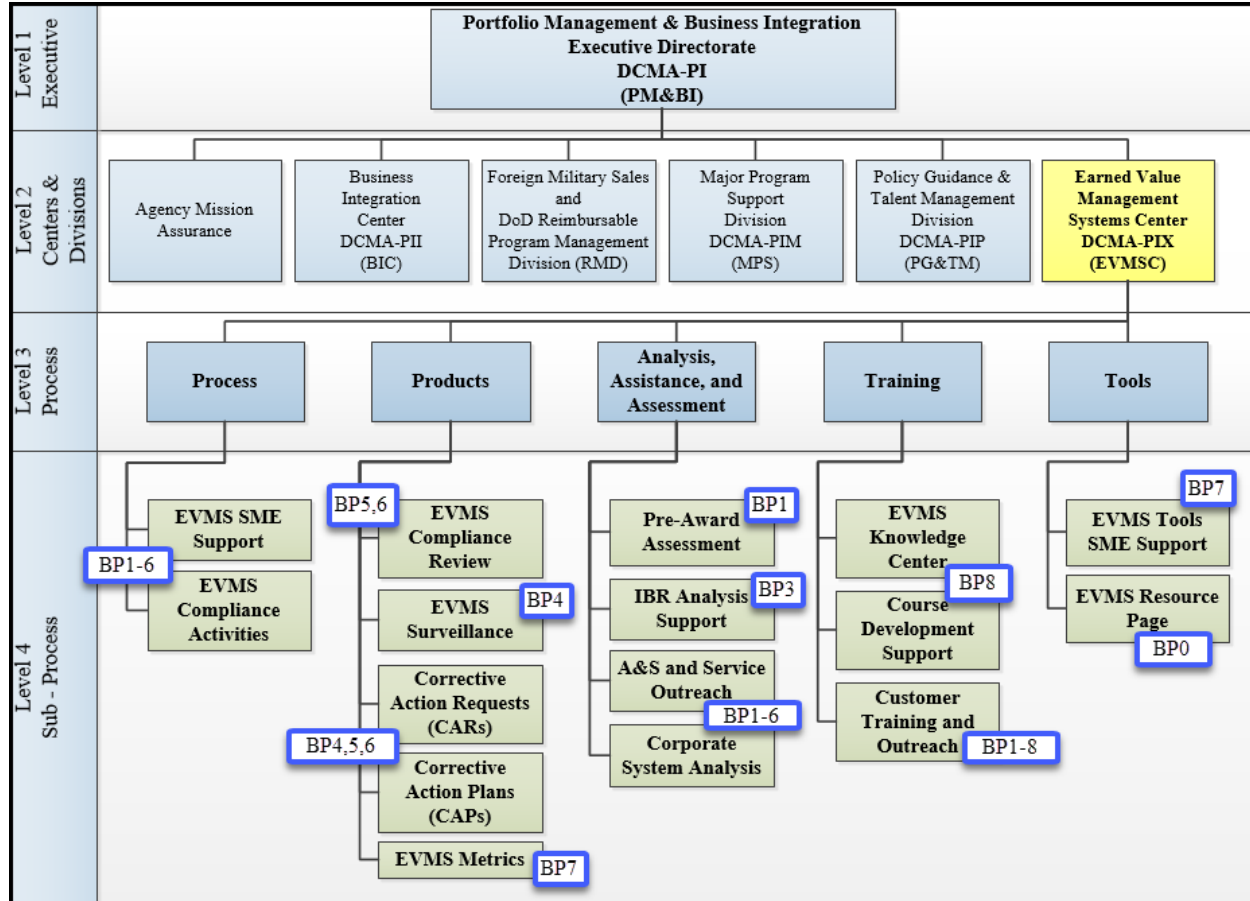


Figure 2. BP alignment to PM&BI processes

(on behalf of)

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