

Office of Management and Budget
Implementing EVMS



In the Agency and Your Industry

FACE 2005
June 8, 2005

Federal Acquisition Streamlining Act
1994, Title V Acquisition Management

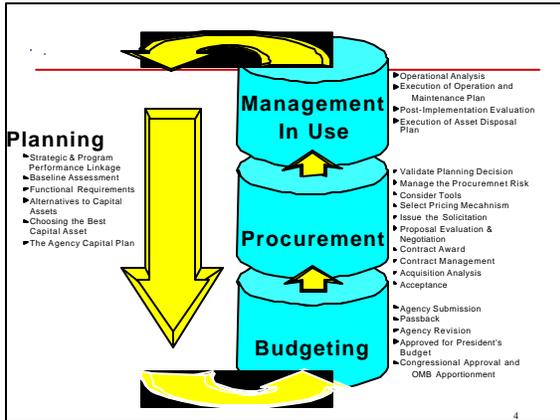
- Agency Head shall approve or define the Cost, Performance and Schedule goals for major acquisitions
- CFO must evaluate the Cost goals
- If project not within 90% of goals, Agency Head shall – (1) determine if there is a continuing need for the project, and (2) identify suitable actions to be taken, including termination.

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Clinger-Cohen Act of 1996

- OMB requirements:
 - Establish the processes for executive agencies to analyze, track, and evaluate the risks and results of major investments in IT
 - Report on the net program performance benefits achieved by agencies
- Agency Requirements:
 - Implement OMB policies through effective capital planning and performance and results based management.

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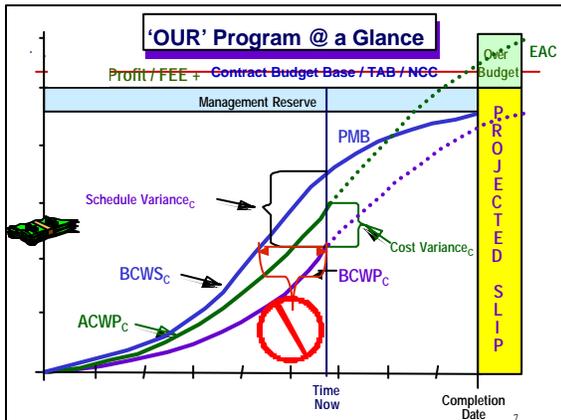


Proposed FAR
Part 7-Acquisition Planning

- If an EVMS is to be used, discuss the methodology the Government will employ to analyze and use the EV data to assess and monitor contract performance. In addition, discuss how the offeror's/contractor's EVMS will be verified for compliance with ANSI/EIA Standard - 748, and the timing and conduct of integrated baseline reviews (whether prior to or post award). See 34.202
- In addition, need to prepare an initial WBS and develop the initial baseline for contract scope identification, budgeting purpose and contract negotiations

Implementation of EVM

- (1) An EVM requirement in contracts or an in-house project charter;
- (2) Proof that the contractor's/in-house EVM system complies with the standard;
- (3) Periodic system surveillance reviews to ensure the system continuously meets the standard; and
- (4) Integrated Baseline Reviews, before or after in-house start or contract award as appropriate, to establish the performance measurement baseline to finalize the cost, schedule and performance goals of the effort.
- Evaluation of project status



Actual Performance and Variance from OMB Approved Baseline

- Compares the Approved Baseline with Actual Results.
- Analysis of the reasons for cost and schedule variances of 10% or more at time of report or EAC is projected to be 10% or more
- Provide performance variance
 - Explain whether IPT still expects to achieve performance goals. If not, explain reasons

Actual Performance and Variance from OMB Approved Baseline

- Discuss estimate to complete (EAC)
 - Contractor
 - Program Manager
 - Two commonly used EAC formulas
 - Rationale for the EAC chosen by IPT
- Corrective actions with risk - How close to original goals will be the result
- Agency Head concurrence to continue

EVMS Expertise Needed

- Depends on size of portfolio and individual projects
- Headquarters cadre
 - Establish policy and evaluate achievement of goals for entire portfolio
 - Ensure financial system capability
- Project IPT
 - Project Manager
 - Contracting Officer
 - EVMS Specialist(s)
 - Cost Estimator(s)

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Draft OFPP Policy Letter 05-01

- Developing and Managing the Acquisition Workforce.
 - Applies to all agencies except those subject to DAWIA
- Core Competencies
 - All agencies shall use the DOD set of core competencies to fulfill the training, experience and continuous learning requirements
 - Includes all contracting positions and Program Managers.
- GSA shall establish an Acquisition Workforce Training Fund to support training for other than DOD agencies.

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NDIA Assistance

- PMSC is working on EVMS Acceptance process guide that could be applicable to both Government and industry
- PMSC has started new project to develop a full EVMS implementation guide.
- PMSC invites Civilian agency participation on EVMS matters.
- Three Guides
 - ANSI/EIA Standard-748-A EVMS Intent Guide
 - Surveillance Guide
 - Program Managers' Guide to the Integrated Baseline Review.

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How to Introduce EVMS to Industry new to EVMS

- Notify industry associations that requirement will be in contracts
- Conduct pre-proposal conferences
- Extend proposal preparation time
- May select offeror's that do not have a validated system and conduct review after award.
- Provide EVMS web-site information
- Suggest firms join PMI, CPM, NDIA

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Solicitation Provisions

- 52.234-XXX Notice of Earned Value Management System
- (a) The offeror shall provide documentation that the cognizant ACO or a Federal Department or Agency has recognized that the proposed EVMS complies with the EVMS guidelines in ANSI/EIA Standard - 748 (current version at time of solicitation).

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52.234-XXX Notice of Earned Value Management System

- (b) If the offeror proposes to use a system that does not meet the requirements of paragraph (a) of this provision, the offeror shall submit a comprehensive plan for compliance with the EVMS guidelines.
- (1) The plan shall
 - (A) Describe the EVMS the offeror intends to use in the performance of the contract;
 - (B) Distinguish between the offeror's existing management system and the modifications proposed to meet the guidelines;

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52.234-XXX Notice of Earned Value Management System

- (C) Describe the management system and its application in terms of the EVMS guidelines;
- (D) Describe the proposed procedure for administration of the guidelines, as applied to subcontractors; and
- (E) Provide documentation describing the process and results of any third-party or self-evaluation of the system's compliance with the EVMS guidelines.

(2) The offeror shall provide information and assistance as required by the CO

(3) The Govt will review the plan before award.

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52.234-XXX Notice of Earned Value Management System

- (c) Offerors shall identify the major subcontractors, or major subcontracted effort if major subcontractors have not been selected, planned for application of the guidelines. The prime contractor and the Government shall agree to subcontractors selected for application of the EVMS guidelines.

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~~52.243-YYY Notice of Earned Value Management System - Pre-Award IBR~~

- Same as XXX provision with (d) added
- **(d) The Government will conduct an IBR, as designated by the agency, [prior to contract award](#). The objective of the IBR is for the Government and the Contractor to jointly assess technical areas, such as the contractor's planning to ensure complete coverage of the contract requirements, logical scheduling of the work activities, adequate resources, methodologies for earned value (BCWP), and identification of inherent risks.**

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52.234-ZZZ Earned Value Management System

- As prescribed in 34.203 (c) insert the following **clause**:
- (a) In the performance of this contract the contractor shall use an EVMS to manage the contract that at the time of contract award has been recognized by the Cognizant ACO [or a Federal Department or Agency](#) as compliant with the guidelines in ANSI/EIA Standard 748 (current version at time of award and the contractor will submit reports in accordance with the requirements of this contract.

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52.234-ZZZ Earned Value Management System

- (b) If, at the time of award, the Contractor's EVMS has **not** been recognized by the cognizant ACO [or a Federal Department or Agency](#) as complying with EVMS guidelines (or the Contractor does not have an existing cost/schedule control system that is compliant with the guidelines in ANSI/EIA Standard -748 (current version at time of award). The Contractor shall apply the system to the contract and shall be prepared to demonstrate to the ACO that the EVMS complies with the EVMS guidelines referenced in paragraph (a) of this clause

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52.234-ZZZ Earned Value Management System

- (c) Agencies may conduct IBRs. [If a pre-award IBR has not been conducted](#), such a review shall be scheduled as early as practicable after contract award, but not later than 180 days after award. The CO may also require an IBR at (1) exercise of significant options or (2) incorporation of major modifications. Such reviews will normally be scheduled before award of the contract action.

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52.234-ZZZ Earned Value Management System

- (d) Unless a waiver is granted by the ACO or Federal Department or Agency, contractor proposed EVMS changes require approval of the ACO or Federal Department or Agency, prior to implementation. The ACO or Federal Department or Agency, shall advise the contractor of the acceptability of such changes within 30 calendar days after receipt of the notice of proposed changes from the contractor. If the advance approval requirements are waived by the ACO or Federal Department or Agency, the contractor shall disclose EVMS changes to the ACO or Federal Department or Agency at least 14 calendar days prior to the effective date of implementation.

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52.234-ZZZ Earned Value Management System

- (e) The contractor agrees to provide access to all pertinent records and data requested by the Contracting Officer or a duly authorized representative. Access is to permit Government surveillance to ensure that the EVMS conforms, and continues to conform, with the performance criteria referenced in paragraph (a) of this clause
- (f) The contractor shall require the subcontractors specified below to comply with the requirements of this clause: (Insert list of subcontractors).

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Capital Programming At Its Simplest

- What are we getting for the money we are spending?
- If it was your money would you spend it?

- Questions

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