

DEPARTMENT OF NAVY

EARNED VALUE MANAGEMENT

- DASN Mgmt & Budget requests audits on DoN implementation of EVM (by Naval Audit Service)
 - NAVAIR
 - NAVSEA
 - SPAWAR
- Answer three questions:
 - Is EVM being used correctly by the contractor and the government?
 - Is there consistent implementation of EVM practices throughout SYSCOMS/PEOs/DRPMS?
 - Is EVM used as Reporting Tool vice Management Tool or Oversight Tool vice Management Perspective Tool?

AUDIT FINDINGS

- Naval Audit Service: EVM not being used correctly and there is significant disparity between the way SYSCOMS/PEOs implement DODs EVM Policy
- DoD Inspector General (Draft): Failure to report implementation of the DoD Management Control Program for Navy Acquisition Category II and III Programs

MANAGEMENT CONTROL REVIEW ANNUAL STATEMENT OF ASSURANCE

- An annual statement to the Service Secretary and Secretary of Defense certifying the effectiveness of the agency's internal and accounting system controls.
- Material Weakness: a specific instance of such importance so as to warrant reporting of the deficiency to the next higher level of command/management

CRITERIA FOR A MATERIAL WEAKNESS

- Magnitude of funds involved
- Frequency of actual or potential loss
- Actual or potential loss of resources
- Unreliable information causing unsound management decisions
- Diminished credibility or reputation of management

ASN (RD&A)

STATEMENT OF ASSURNACE

- Submission of a material control weakness for earned value management program
- **HOWEVER**, program offices may/may not report a material weakness
- ASN(RD&A) has few program offices reporting directly
- SYSCOMs and PEOs report to CNO

Reporting a Material Weakness

- Is of such critical importance, the next higher level must be made aware of the situation
- If the material weakness can be controlled within the originating organization, the weakness does not need to be reported to the next higher level
 - SYSCOMs and PEOs may feel weakness can be controlled within their own organization
- ASN (RD&A) reports EVM as a material control weakness but states RDA belief that EVM is a systemic problem

ASN(RD&A) INITIATIVES

- Dashboard: Web-based application, which will provide SECNAV, ASN(RD&A), OPNAV, SYSCOMs, PEOs, DRPMS AND PMS a tool to manage ACAT I AND II programs with consistent data throughout the chain of command
- The application replaces the PSDs and annual ACAT I and II papers
- Contains Metrics Information
 - Allows uploading of EVM data for each individually reported contract
- Anticipate "pushing" EVM data to DASNs on ACAT programs
- DoN EVM expertise resident at Naval Air Systems Command
- Encourage SYSCOMs/PEOs to utilize AIR 4.2 EVM services (for fee)