



Updates Related to Production EVM from DCMA August 2012

**Kim Herrington
NDIA PMSC Vice-Chair**

Overview

- As noted in the NDIA PMSC Production EVM WG white paper, there are differences between EVM on development and production contracts
 - Historically, companies had separate SDs for development and production (DCMA has confirmed that this is not a requirement)
 - DCMA is currently conducting reviews and approving systems for development only, production only or both
 - DCMA has noted that many large programs are moving from a development environment to a production focus
 - While many production contracts are FFP and therefore don't have EVMS requirements, some LRIP contracts are still cost reimbursable or FPI type contracts
 - Some high rate production contracts under multiyear arrangements are FPI
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EVMS Review Developments

- DCMA has developed a CAM/Program question list that is production focused
 - Focuses on EVMS integration with MRP, including IMS
 - Seeks to understand the organizational relationships between functional organizations and CAM responsibility
 - Questions the use of standards and learning curves in budget development, EV performance (BCWP) and EAC development
 - Explores potential differences in work authorization and baseline development
 - Bottomline: DCMA realizing that the “standard” question list needs some modification for a production environment
- DCMA believes question list is a “solid first step” but is not ready to be widely distributed (they have used on 2 or 3 reviews)
- Production EVM WG has offered to DCMA to be the forum in which to collaborate on developing a standard question set

Production EVM WG Status

- EVM in a Production Environment Whitepaper Released October 2011
- Follow-on Brainstorming January 2012
- Phase II Scope Proposed March 2012
- Phase II Scope Defined and Approved by Working Group March 2012
- Phase II Effort Initiated April 2012
- Working Group Facilitator Transition May 2012

Production EVM WG Status

Earned Value Management in a Production Environment Working Group

EVM Inquiries from the Existing DCMA Cross-Reference Checklist	Does Production Differ from Development?		How is production different than development?	What is recommended for production?	Relevant Source Document Reference (Doc Title / Chapter / Paragraph) (as Available)
	YES	NO			
EVMS Guidelines/Management Characteristics					
I. ORGANIZATION					
1. Define the authorized work elements for program. A work breakdown structure (WBS), tailored for effective internal management control, is commonly used in this process.					
a. Is only one CWBS used for the contract					
b. Is all contract work included in the CWBS including a complete definition of work scope requirements?					
c. Are the following items included in the CWBS:					
(1) Contract line items and end items (if in consonance with MIL-STD-881 latest edition)?					
(2) All CWBS elements specified for external reporting?					
(3) CWBS elements to be subcontracted, with identification of subcontractors?					
(4) Control account levels?					
2. Identify the program organizational structure including the major subcontractors responsible for accomplishing the authorized work, and define the organizational elements in which work will be planned and controlled.					
a. Are all authorized tasks assigned to identified organizational elements? (This must occur at the control account level as a minimum. Prepare exhibit showing relationships.)					
b. Is subcontracted work defined and identified to the appropriate subcontractor within the proper WBS element? (Provide representative example.)					
3. Provide for the integration of the company's planning, budgeting, work authorization and cost accumulation processed with each other, and as appropriate, the program work breakdown structure and the program organizational structure.					
a. Are the supplier's management control systems listed above integrated with each other, the CWBS, and the organizational structure at the following levels: (Use matrix to illustrate the relationships.)					
(1) Total contract?					
(2) Control account?					
4. Identify the company organization or function responsible for controlling overhead (indirect costs).					
a. Are the following organizational elements and managers clearly identified:					
(1) Those responsible for the establishment of budgets and assignment of resources for overhead performance?					
(2) Those responsible for overhead performance control of related costs?					
b. Are the responsibilities and authorities of each of the above organizational elements or managers clearly defined?					
5. Provide for integration of the program work breakdown structure and the program organizational structure in a manner that permits cost and schedule performance measurement by elements of either or both structures as needed.					
a. Is each control account assigned to a single organizational element directly responsible for the work and identifiable to a single element of the CWBS?					
b. Are the following elements for measuring performance available at the levels selected for control and analysis:					
(1) Budgeted cost for work scheduled?					
(2) Budgeted cost for work performed?					
(3) Actual cost of work performed?					

What Can You Do?

- Encourage participation in PMSC Production EVM WG
- Review your SD and associated documentation to ensure that any areas where you should highlight differences are addressed
- Review training materials to ensure that any differences are highlighted and appropriate training is given
- Ensure processes are in place to address unique conditions in production - for example:
 - How is MRP information incorporated into the IMS?
 - How do cost/part transfers between contracts occur?
 - What level of detail is in your EVMS and supporting systems and how is the detailed information used by CAMs?