

DEFENSE CONTRACT MANAGEMENT AGENCY



**DCMA**

ACQUISITION INSIGHT  GLOBAL ENGAGEMENT

# DCMA EVM System Compliance Approach

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ACQUISITION INSIGHT  GLOBAL ENGAGEMENT

# PMI EVMS Line of Service

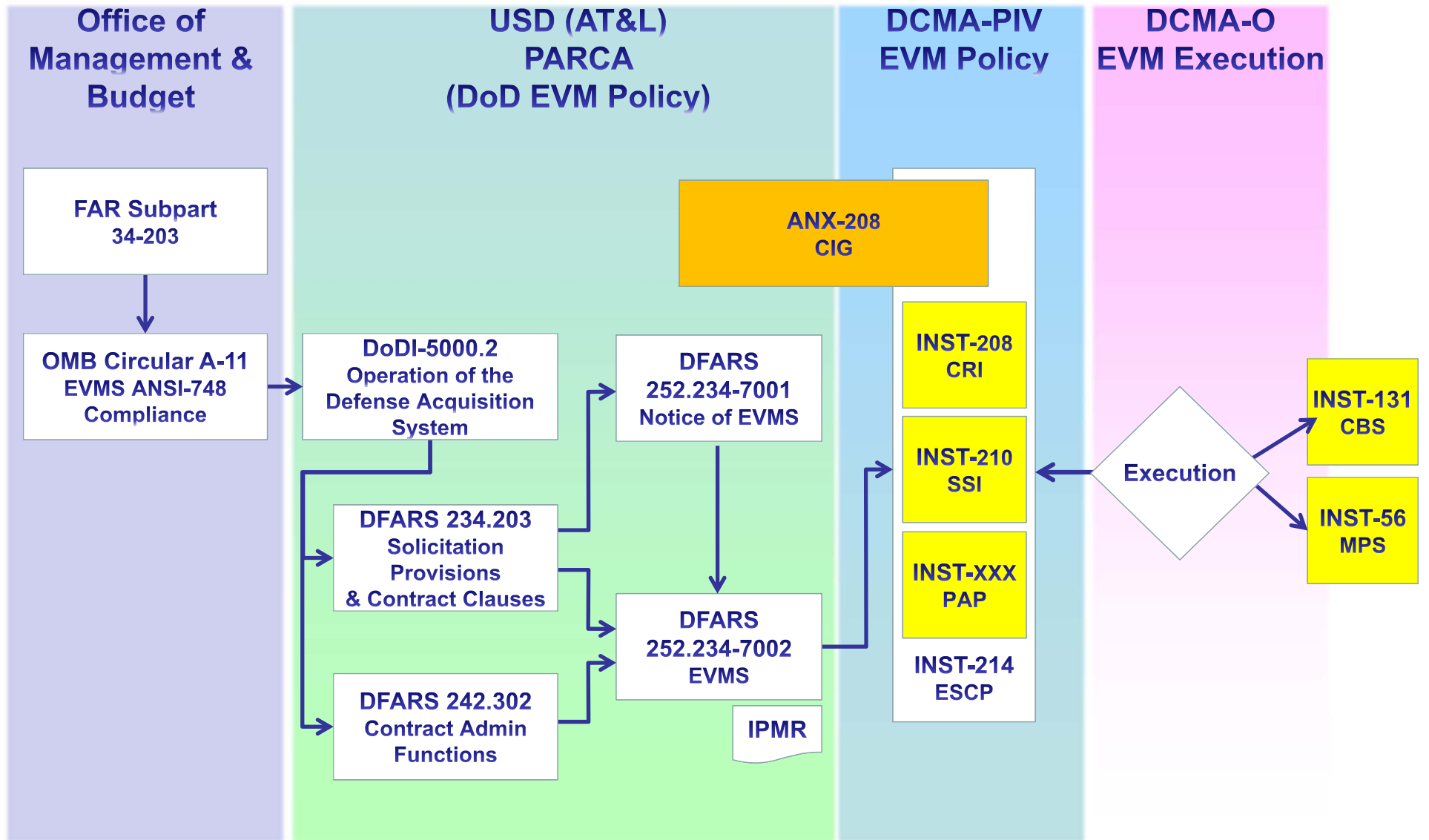
## Mission: DFARS 242.302 (S-71)

- Department's Contract Administration Office function for Earned Value Management Systems (EVMS), including the responsibility for reviewing supplier EVMS plans and verifying initial and continuing compliance with DoD EVMS criteria



## Functions:

- Serve as the Agency's focal point for EVMS interface with Industry, DoD, the Office of the Secretary of Defense (OSD), and other Government agencies
- Deploy effective policies, processes, methods, and toolsets to advance the efficient assessment of contractor EVMS implementation
- Enhance DCMA and Industry communications and collaboration through recurring exchanges and outreach



# Weapon Systems Acquisition Reform Act of 2009

## 887 Report

- Requires the Secretary of Defense to apply uniform earned value management standards to reliably and consistently measure contract performance, and to ensure that contractors establish and use approved earned value management systems
  - **SEC. 207 Earned Value Management**
    - **Enhanced Tracking of Contractor Performance**
      - ❖ (3) ensures that personnel responsible for administering and overseeing EVM Systems have the training and qualifications needed to perform this function
    - **Enforcement Mechanisms**
      - ❖ (1) consideration of the quality of the contractor's EVM systems and the timeliness of the contractor's reporting

# Rethinking

- Rethinking the way in which DCMA EVM System compliance (initial) and surveillance (continuing) can be integrated to simultaneously test the reliability of core management processes, and to analyze data sets to summarize, detect patterns, and draw conclusions about contract performance
- Rethinking the way in which DCMA EVM System oversight can be more efficient, yet strengthened and sustainable

**Reduce Time, Minimize Disruptions and Costs**



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# DCMA Policies Under Development

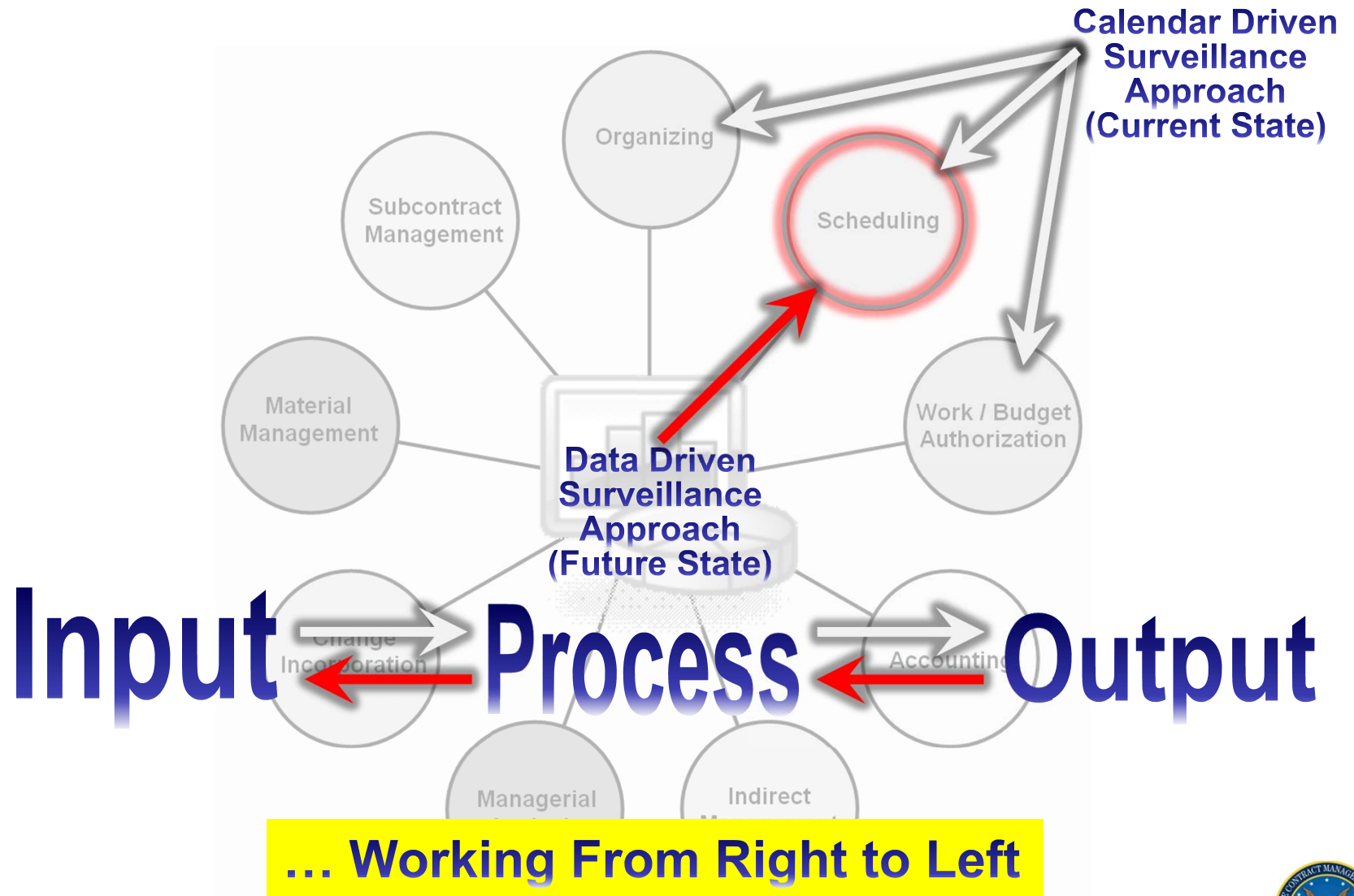
1. **ANX-208-1 EVMS Compliance Interpretive Guide (CIG)**  
**Formal Coordination ETA: Dec 13**
2. **INST-208 EVMS Compliance Review Instruction (CRI)**  
**Formal Coordination ETA: Sep 13**
3. **INST-210 Standard Surveillance Instruction (SSI)**  
**Formal Coordination ETA: Sep 13**
4. **INST-206 EVMS Specialist Certification Program (ESCP)**  
**Formal Coordination ETA: FY14**
5. **Program Analysis Pamphlet (PAP)**  
**Formal Coordination ETA: FY14**

**Right-Sizing Our Approach, Consistency**

# Smarter Compliance - Strategy

- **Digitize Compliance (Data Analytics)**
  - More accurate and consistent determinations of compliance
    - Data integrity checks aligned to EVMS GL attributes
    - Positive patterns, relationships, and trending indicates effective processes; Negative measurements allude to underlying problems that need to be addressed
    - Automated work aids and toolsets designed to provide a visual indication of possible compliance risk based on an analysis of common data sets
- **Targeted Compliance and Surveillance**
  - Predictor variables identify and localize the issue, optimizing surveillance and minimizing disruptions
  - Surveillance driven by data /emerging issues, not by the calendar
  - Consistent application regardless of EVMS specialist
- **Community Problem Solving...we are all in**

# Predictor Variables





# Data Driven Approach

- Yields a more structured and disciplined analytical approach to evaluating the assessment
- Highlights potential risks in EVMS implementation that might otherwise be unknown
- Focuses attention on high-risk areas
- Better allocates resources where pay-back is greatest
- Reduces (and works towards) eliminating unnecessary and inconsistent data requests and CAM discussions
  - Projected time (cost) savings for the enterprise (and aligns with the AT&L Better Buying Initiative)

# Defining Guideline Compliance

- **Guideline Compliance Classifications**
  - DoD EVMS Compliance Interpretive Guide (CIG) is a series of diagnostic interpretations for classifying ANSI-748 guidelines
  - Designed to map EVMS compliance definitions to corresponding guidelines together with specific attributes, assigning for each a test point(s) and weighting factor(s).

**Assign Attributes and Test Points**

**Guideline # 6**  
**Schedule the authorized work in a manner which describes the sequence of work and identifies significant task interdependencies required to meet the requirements of the program**

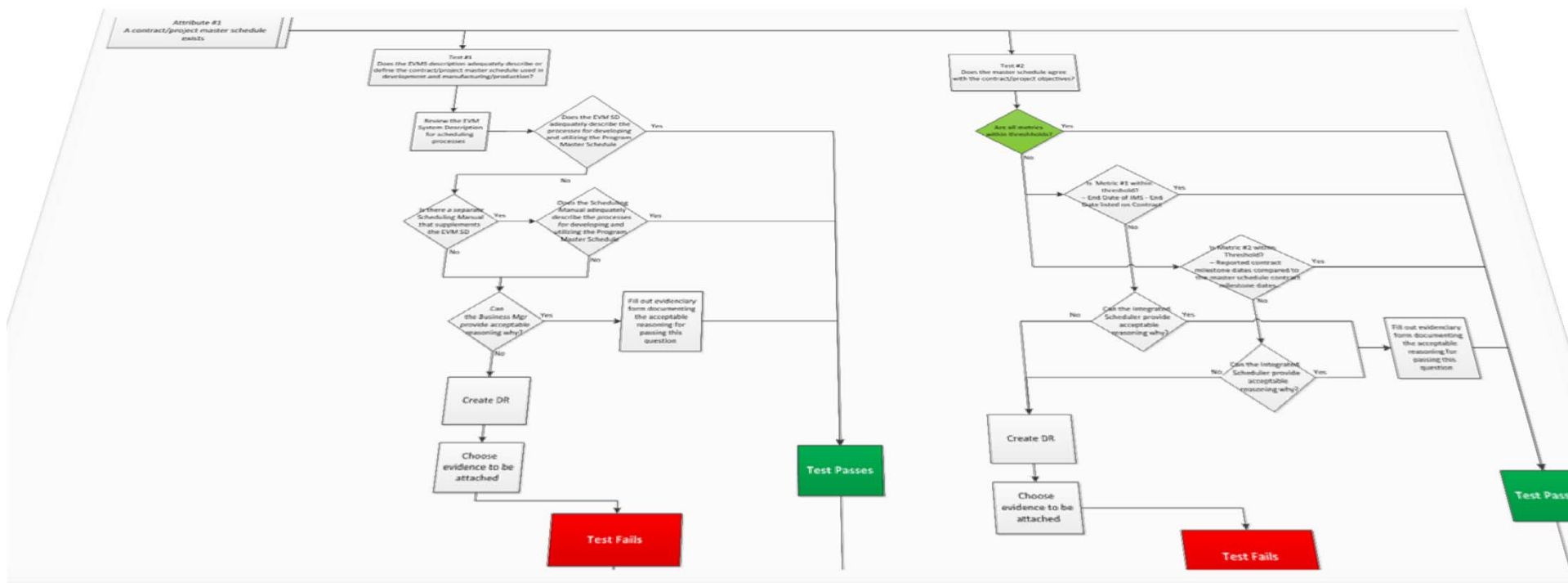
**Intent**  
 This guideline establishes the requirement to schedule work in a disciplined manner. While it recognizes the Government's requirements for an Integrated Master Schedule (IMS) for developmental contracts, it also recognizes that in a manufacturing/production environment a contractor may use a Manufacturing Resource Planning (MRP) or Enterprise Resource Planning (ERP) tool employing a line of balance schedule or master production schedule that supports the contract/project objectives whether an IMS is not required or not. Primarily what this guideline requires is that a formal (via written system description and internal operating procedures) scheduling system be established and used consistently to ensure discipline in the sequencing of work throughout the life of the contract. Secondly, this guideline requires that these procedures be followed as a means of documenting in writing the complete schedule plan of work. These schedules should consist of summary or master schedules and related subordinate schedules which provide a logical sequence from the summary to the detailed work package levels. In so doing, the schedules can provide for the interdependent sequencing of all work authorized on the contract in a manner compatible with the contract milestones and the technical requirements of the contract. The end goal of such schedules is that they provide a vehicle for evaluating actual progress (in time) against established milestones of achievement. The scheduling process documents and the resulting project schedule provide a logical sequence of work leading to a milestone, event, and/or decision point needed to ensure that the schedule supports the project objectives. There is a clear definition of what constitutes commencement and completion of each work package and planning package (or lower-level task/activity). While no specific scheduling software is required, but there must be horizontal and vertical integration of the schedule through the framework of the WBS and OBS. Government development programs or significant development efforts typically schedule the discrete authorized work through the use of a network schedule. Ensuring that all team members are working to the same contract/project schedule is essential for monitoring progress, analyzing variances, and tracking corrective actions.

#	Attribute	Interpretation Discussion	Interpretation Source	Test Steps	Test Metric	Metric Threshold	Artifacts
1	A contract/project master schedule exists	It is important to have a common understanding across all the program participants as to what the contract/project master schedule is, and how it will be used to help manage. The master schedule is typically the picture of the program schedule used in presentations to senior leaders and executives and as such, because of the decisions made by that audience, it needs to accurately represent the real program schedule status. Government development programs or significant development efforts typically schedule the discrete authorized work through the use of an integrated master schedule (IMS) that contains the high level contract/project goals as well as detailed activities and intermediate summaries as applicable. Production programs typically schedule using a Manufacturing Resource Planning (MRP) or Enterprise Resource Planning (ERP) tool employing a line of balance schedule that supports the project objectives. Basic to all scheduling systems, is the identification of the goals of the contract to a time interval for accomplishment. This entails identification of contract milestones to calendar dates for important contract development and production decisions. Prototyping, subcontract and/or Government-furnished material delivery dates, and end item delivery requirements of the customer are examples of a few. These milestones, or goals, called out on the contractual document itself, must be laid into the master contract/project schedule. These will become the primary measurement points for determining contract progress by both the contractor and the Government. At the onset, they provide the most basic planning goals for the contractor. It is toward these goals the contractors plan all the work tasks, integrate the work force for this contract with the work force requirements of other contracts, and plan material procurement need dates to integrate with inventory management capabilities.	NDIA IG	<ol style="list-style-type: none"> <li>Does the EVMS description adequately describe or define the contract/project master schedule used in development and manufacturing/production?</li> <li>Does the master schedule agree with the contract/project objectives?</li> <li>Does the EVMS description adequately describe the subcontractor integration processes?</li> </ol>	<ol style="list-style-type: none"> <li>NA</li> <li>End Date of IMS - End Date listed on Contract</li> <li>Reported contract milestone dates compared to the master schedule contract milestone dates.</li> <li>NA</li> </ol>	<ol style="list-style-type: none"> <li>NA</li> <li>X &lt; 0 days</li> <li>TBD</li> <li>NA</li> </ol>	<ol style="list-style-type: none"> <li>EVM System Description</li> <li>IMS</li> <li>Contract</li> </ol>
2	The contract master/project schedule reflects all the time-phased discrete work to be accomplished that is traceable	The scheduling system should provide for all discrete work to the lowest defined element of the WBS in a way compatible with contract milestones and meaningful in terms of the technical requirements of the contract to provide complete schedule traceability for all authorized work. This allows for the proper identification of all the interdependencies that will drive the schedule end date. If pieces of the effort are missing from the schedule, execution to that schedule will not produce the contracted results the customer is expecting. An important aspect of schedule data flow-down to the control account level is the clear definition of the effort/activities	JIG/Bowman	<ol style="list-style-type: none"> <li>Does the master schedule reflect all distributed discrete authorized scope of the contract?</li> <li>Is subcontracted effort defined/integrated into the master contract/project?</li> <li>Are all activities and milestones scheduled to specific calendar dates?</li> </ol>	<ol style="list-style-type: none"> <li>Missing activities/gaps between the SOW and the schedule</li> <li># of schedule activities missing a control account reference</li> <li>Activities/milestones with no baseline/forecast dates</li> </ol>	<ol style="list-style-type: none"> <li>TBD</li> <li>X = 0</li> <li>&lt;5%</li> <li>&lt;5%</li> <li>NA</li> <li>TBD</li> <li>NA</li> <li>X &lt; 10% of total</li> </ol>	<ol style="list-style-type: none"> <li>WBS / SOW / WP / PP / UB matrix</li> <li>IMS</li> <li>Subcontractor Schedules</li> <li>Cost Tool Data</li> <li>SOW</li> <li>Detailed</li> </ol>

## Map EVMS Compliance Definitions To Corresponding Guidelines



# Guideline Compliance Decision Wiring Diagram



**Guide Users Through EVMS Guideline Compliance, Step by Step**



- **Rethinking DCMA Policy, Tools and Training**
  - More efficient, consistent and effective
- **Introduce Technology Solutions**
  - From Tax Law to Turbo Tax
- **Develop DCMA Compliance Interpretive Guide (CIG)**
  - September 2013 – release ANSI-748 GLs 6,7, & 23 (Scheduling)
- **Establish Communications Rhythm w/ PARCA, Industry, and DoD Components – Community problem solving**
  - DCMA PM&I your Focal Point for EVMS matters
- **Address Emerging Topics**
  - IC Reciprocity