MEMORANDUM FOR DIRECTOR PERFORMANCE ASSESSMENTS AND ROOT CAUSE ANALYSES

SUBJECT: Delegation of Authority to Determine Earned Value Management Applicability on ACAT ID and IAM Programs

Earned Value Management (EVM) is one of the most powerful program management tools for both the Department and Industry. EVM promotes an environment where contract execution data is shared between project personnel and Government oversight staff so that emerging problems are identified, pinpointed, and acted upon as early as possible.

Enclosure 1, table 8 of DoD Instruction 5000.02 issued January 26, 2017, discusses the determination of applicability of EVM on programs. An excerpt follows:

“For ACAT ID and IAM programs, OSD USD(AT&L) Performance Assessments and Root Cause Analyses (PARCA), in coordination with the CAE or designee, will review proposed contract work scope for EVM applicability and provide a recommendation to the DAE/MDA for a determination of EVM applicability. For all other ACAT levels, the CAE, or designee, will review and determine EVM applicability.”

PARCA is responsible for EVM performance, oversight, and governance across the Department. Therefore, to facilitate effective EVM application decisions, I delegate the authority for the review and determination of EVM applicability of ACAT ID and IAM programs to the Director, PARCA. My point of contact is John S. McGregor at 703-697-3759 or john.s.mcgregor2.civ@mail.mil.

Ellen M. Lord

Enclosure:
As stated
Enclosure 1 - DoDI 5000.02, Table 8 EVM Application Requirements

"For ACAT ID and IAM programs, OSD USD(AT&L) Performance Assessments and Root Cause Analyses (PARCA), in coordination with the CAE or designee, will review proposed contract work scope for EVM applicability and provide a recommendation to the DAE/MDA for a determination of EVM applicability. For all other ACAT levels, the CAE, or designee, will review and determine EVM applicability. If EVM is determined to apply, then threshold application in this table is utilized or a waiver from the CAE is required. If, based on the nature of the work, EVM is determined not to apply, then EVM is not placed on contract." *

<table>
<thead>
<tr>
<th>Contract Value</th>
<th>Applicability</th>
<th>Notes</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $20M</td>
<td>EVM not required, may be applied at PM discretion based on risk to the Government</td>
<td>Requires business case analysis and MDA approval</td>
<td>Part 7 of OMB Circular A-11 (Reference (b)): DFARS 234.261 (Reference (al)), This Instruction</td>
</tr>
<tr>
<td>≥ $20M &amp; &lt; $100M</td>
<td>EVM Required, contractor is required to have an EVM system (EVMS) that complies with the guidelines in EIA-748*</td>
<td>The Government reserves the right to review a contractor's EVMS when deemed necessary to verify compliance</td>
<td></td>
</tr>
<tr>
<td>≥ $100M</td>
<td>EVM Required, contractor is required to have an EVMS that has been determined to be in compliance with the guidelines in EIA-748*</td>
<td>The Contractor will provide access to all pertinent records and data requested by the Contracting Officer or duly authorized representative as necessary to permit initial and ongoing Government compliance reviews to ensure that the EVMS complies, and continues to comply, with the guidelines in EIA-748*.</td>
<td></td>
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</tbody>
</table>

### Additional Information

*For ACAT ID and IAM programs, OSD USD(AT&L) Performance Assessments and Root Cause Analyses (PARCA), in coordination with the CAE or designee, will review proposed contract work scope for EVM applicability and provide a recommendation to the DAE/MDA for a determination of EVM applicability. For all other ACAT levels, the CAE, or designee, will review and determine EVM applicability. If EVM is determined to apply, then threshold application in this table is utilized or a waiver from the CAE is required. If, based on the nature of the work, EVM is determined not to apply, then EVM is not placed on contract.

Applying EVM outside the thresholds and criteria above, to include application on firm, fixed-price (FFP) contracts, FFP task orders, or FFP delivery orders, a cost-benefit analysis will be conducted, MDA approval is required, and the results provided to the contracting officer for documentation in the contract file. The term "contracts" includes contracts, subcontracts, intra-government work agreements, and other agreements.

For indefinite delivery, indefinite quantity (IDIQ) contracts, inclusion of EVM requirements is based on the estimated ceiling of the total IDIQ contract, and then is applied to the individual task/delivery orders, or group(s) of related task/delivery orders, that meet or are expected to meet the conditions of contract type, value, duration, and work scope. The EVM requirements should be placed on the base IDIQ contract and applied to the task/delivery orders, or group(s) of related task/delivery orders. "Related" refers to dependent efforts that can be measured and scheduled across task/delivery orders.

The Integrated Baseline Review is required when EVM is determined to be applicable. The initiation of an over-target baseline or over-target schedule must be approved by the Government program manager. Application thresholds are in then-year dollars.

* EIA-748 = Electronic Industries Alliance (EIA) 748-C (Reference (au))

ENCLOSURE