MEMORANDUM FOR COMPONENT ACQUISITION EXECUTIVES

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

Performance Assessments and Root Cause Analyses (PARCA) is responsible for Earned Value Management (EVM) performance, oversight, and governance across the Department. Effective use of EVM provides actionable data for joint situational awareness and program decision making.

In a memorandum, Hon. Ms. Lord, Under Secretary of Defense for Acquisition, Technology, and Logistics, delegated the authority for the review and determination of EVM applicability for contracts on ACAT ID and IAM programs to the Director of PARCA (Enclosure 1).

PARCA will work with EVM Focal Points from the Services/Agencies to review program documentation and determine EVM applicability on ACAT ID and IAM cost reimbursement or incentive type contracts that meet the dollar and duration thresholds stated in DoDI 5000.02 Table 8 (Enclosure 2). Program offices should coordinate with the Service/Agency EVM focal points to initiate the process for the determination of EVM applicability on their contracts (Enclosure 3) using the EVM Applicability Determination Request Form (Enclosure 4).

Once the determination of EVM applicability has been made, a memorandum for the contract file will be produced (Enclosure 5). If it is determined that EVM applies to the contract and the Program Manager does not want to use EVM for reasons other than nature of the work, the Program Manager must seek a waiver in accordance with Service/Agency policy.

My point of contact is John S. McGregor (john.s.mcgregor2.civ@mail.mil) at 703-697-3759.

Gary R. Bliss
Director, Performance Assessments and Root Cause Analyses

Attachments: As stated
Enclosure 1

- Delegation of EVM Applicability Authority to OUSD AT&L PARCA for ACAT ID and IAM Programs
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 (c)); DFARS 234.201 (Reference (all)), This instruction</td>
</tr>
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<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>
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**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 2

- DoDI 5000.02 Change 3 Aug 2017 EVM
  Table 8
d. Paragraph 6c in Enclosure 2 provides an overview of EVM. This paragraph details application requirements and reporting requirements.

(1) **EVM Application.** Table 8 summarizes EVM application requirements. EVM is applied to cost reimbursable or incentive contracts, inclusive of options, with 18 months or greater period of performance and based on the nature of the work scope.

**Table 8. EVM Application Requirements**

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**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.

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* EIA-748 = Electronic Industries Alliance (EIA) 748-C (Reference (au))
Enclosure 3

- EVM Application Determination Process
**Step 1. Contract Criteria Review**

- Contract is Cost Plus or Incentive
- Contract > $20M (including known options)
- Contract has at least 18 months period of performance

If any No → EVM Not Applicable*  
If all Yes →

**Step 2 (Optional). Work Attributes Review**

- Does EVM apply based on review of SOW, PWS, WBS, & CDRLs (i.e., work discretely measurable & schedulable)
  - PARCA & Services - ACAT ID & IAM for DAE/MDA decision—delegated to PARCA
  - Services - other ACATs for SAE/CAE decision

EVM does not apply* EVM not on contract; no deviation/waiver required  
EVM does apply EVM is placed on contract; PMO has option to seek waiver/deviation

* The PM has the option to make a business case to apply EVM outside the thresholds and application decision
In accordance with Service/Agency policy, Program Office or Service/Agency EVM focal point submits EVM Applicability Determination Request Information Form and documentation to PARCA.

PARCA and Service/Agency EVM Focal Point review documents (Statement of Work, Contract Structure, Dollar Value, POP, Contract Type, Unique Considerations).

PARCA and Service/Agency EVM Focal Point hold meeting with the PMO if needed to discuss the applicability determination; PARCA makes applicability decision.

PARCA generates EVM Applicability Determination memo and sends to Service/Agency EVM Focal Point and Program Office.
Enclosure 4

- EVM Application Determination Request Form
Request for EVM Applicability Determination: Information Form

**Purpose:** To be useful as a program management tool, program managers must incorporate EVM into their acquisition decision-making processes. The DoD Instruction 5000.02 (DoDI 5000.02)\(^1\) and the Defense Federal Acquisition Regulation Supplement (DFARS) 234.201\(^2\) prescribe the thresholds and requirements for EVM in DoD. Per the requirements of DoDI 5000.02, Government PMs have the ability to request that OSD and the Service/Agency EVM Focal Point make a determination of EVM applicability for their contract, when their contract meets the thresholds. In the fields below, please provide the listed contract information to allow for an applicability decision by the determination authority.

Submit form to: OSD.DODEVM@mail.mil

<table>
<thead>
<tr>
<th>Contract Information</th>
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<tbody>
<tr>
<td>Service/Agency</td>
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<tr>
<td>PMO Name</td>
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<tr>
<td>Program Name</td>
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<tr>
<td>Contract Name</td>
<td></td>
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<tr>
<td>Contract Number</td>
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<tr>
<td>Program Manager</td>
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<tr>
<td>Contract Type</td>
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<tr>
<td>Contract Value(^3)</td>
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<tr>
<td>Contract Period of Performance</td>
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<tr>
<td>Brief description of Contract Structure (Segments: IDIQ, task orders, CLIN’s; contract type, duration, and dollar value per segment; interdependencies)</td>
<td></td>
</tr>
<tr>
<td>Brief description of Work Scope (also attach Statement of Work, PWS, and other pertinent documentation)</td>
<td></td>
</tr>
<tr>
<td>Rationale supporting the Request</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POC (for use in scheduling meetings and assisting with additional information requests)</th>
<th></th>
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<tbody>
<tr>
<td>POC Name</td>
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<td>POC Title</td>
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<td>POC Email</td>
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<td>POC Phone Number</td>
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</table>

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\(^1\) DFARS Subpart 234.2, “Earned Value Management System”, December 2011

\(^2\) DoD Instruction 5000.02, “Operation of the Defense Acquisition System,” August 2017

\(^3\) Inclusive of all known potential options at time of contract award
Enclosure 5

- EVM Application Determination Memo Template For Contract File
FOR: PROGRAM MANAGER, (INSERT PROGRAM NAME)

FROM: DIRECTOR, PERFORMANCE ASSESSMENTS AND ROOT CAUSE ANALYSES

SUBJECT: EVM Applicability Determination (INSERT PROGRAM/CONTRACT NAME)
Contract Number N####-###-@-####

REFERENCES: (a) Program Request for EVM Applicability Determination, date MON/YR
(b) Excerpts from Department of Defense Instruction (DoDI) 5000.02
(c) OUSD AT&L PARCA Delegation of EVM Applicability Determination Memo, September 14, 2017
(d) Department of the (INSERT SERVICE) Delegation of EVM Applicability Determination Memo, date MON/YR

DFARS 234.201 requires cost reimbursement or incentive type contracts valued at $20 million or more include Earned Value Management (EVM) as a contract requirement. The recent DoDI 5000.02 update adds the concept of making an EVM applicability determination on those contracts to ensure proper application of EVM. The Program Manager, (INSERT PROGRAM NAME), submitted a request for determination of EVM applicability for (INSERT PROGRAM/CONTRACT NAME).

A description of the contract and nature of the work is included in the Program Request for EVM Applicability Determination (attached).

Based on the information provided and pursuant to the authority set forth in references (b), (c), and (d), the scope of work (is / is not) discrete (product-oriented), measurable, and schedulable. Therefore, EVM (does / does not) apply to this contract. PARCA has coordinated with the applicable Service/Agency EVM office on this determination that is applicable only to the subject solicitation.

If it is determined that EVM applies to the contract and the Program Manager does not want to use EVM for reasons other than the nature of the work, the Program Manager must seek a waiver in accordance with Service/Agency policy.

For questions, please contact John S. McGregor at 703-697-3759.

Gary R. Bliss
Director, Performance Assessments
and Root Cause Analyses

Prepared By: Mr. John McGregor, PARCA EVM, (703) 697-3759