

## EVMS Center Business Practice 4

Effective Date: 28 February 2020  
Subject: Earned Value Management System (EVMS) Surveillance  
Planning, Execution and Reporting  
Process: EVMS Surveillance  
Output: EVMS Continuing Compliance Surveillance & Reporting  
DAI Code(s): D5460 Execute surveillance  
Point(s) of Contact: Policy Lead, Danielle Bemis  
Policy Lead, Dean Nifakos

**References:** OMB Circular A-11, Supplement to Part 7; Capital Programming Guide; DoDI 5000.02; Department of Defense Instruction; Operation of Defense Acquisition System; FAR 42.302: Evaluation of Contract Administration Functions; FAR 34.2: Major System Acquisition, Earned Value Management System; FAR 52.234-2: Notice of Earned Value Management System-Pre-award Integrated Baseline Review; FAR 52.234-3: Notice of Earned Value Management System-Post-award Integrated Baseline Review; FAR 52.234-4: Earned Value Management System; DFARS 242.302 (S-71): Contract Administration Functions; DFARS 234.201: Earned Value Management System Policy; DFARS 252.234-7001: Notice of Earned Value Management System; DFARS 252.234-7002: Earned Value Management System; DFARS 252.242-7005: Contractor Business System; EIA-748 (current version) Standard for Earned Value Management Systems; NASA FAR Supplement Subpart 1834.2: NASA FAR Supplement Major System Acquisition EVMS Policy; NASA FAR 1852.234-1: Notice of Earned Value Management System; NASA FAR 1852.234-2: Earned Value Management System; DCMA Instruction 501-01 – Policy Issuance Procedures; DoD EVM System Interpretation Guide (EVMSIG); Contractor Business Systems 2301-01; Surveillance - Assess Risk 2303-01; Surveillance - Plan Events 2303-02; Surveillance - Execute with Standard Techniques 2303-03; Surveillance - Document Results, Corrective Actions & Provide Feedback- 2303-04; DCMA EVMS Business Practices 0 – 8

**Purpose:** Defines the process to evaluate contractor EVMS compliance through continuing surveillance.

### **Roles and Responsibilities:**

1. Director, EVMS Center. Final authority for all surveillance actions, excluding surveillance retained by Special Programs (SP) as defined below. Responsible for issuance of plans, review and outcomes of review activities. When necessary, final authority for the issuance or rescission of all surveillance Corrective Action Requests (CARs).
2. Group Lead, EVMS Center. Assigns responsibilities to the Team to perform surveillance as outlined in this business practice. Responsible for approval/disapproval of all Surveillance Plans/reports and any resulting CARs/CAPs. May delegate approval/disapproval authority to Team Lead. Provides oversight of the team's effort and supports communications with the cognizant Contracting Officer (CO), DCMA Contract Management Office (CMO), the Program Management Office (PMO) and the contractor.
3. Team Lead, EVMS Center. Plans, schedules and executes this business practice in coordination with the Group Lead. Communicates status with the CO, CMO, PMO, and contractor, as applicable. Oversees the efforts of the assigned Team Member(s) in accordance with the process defined below.

## EVMS Center Business Practice 4

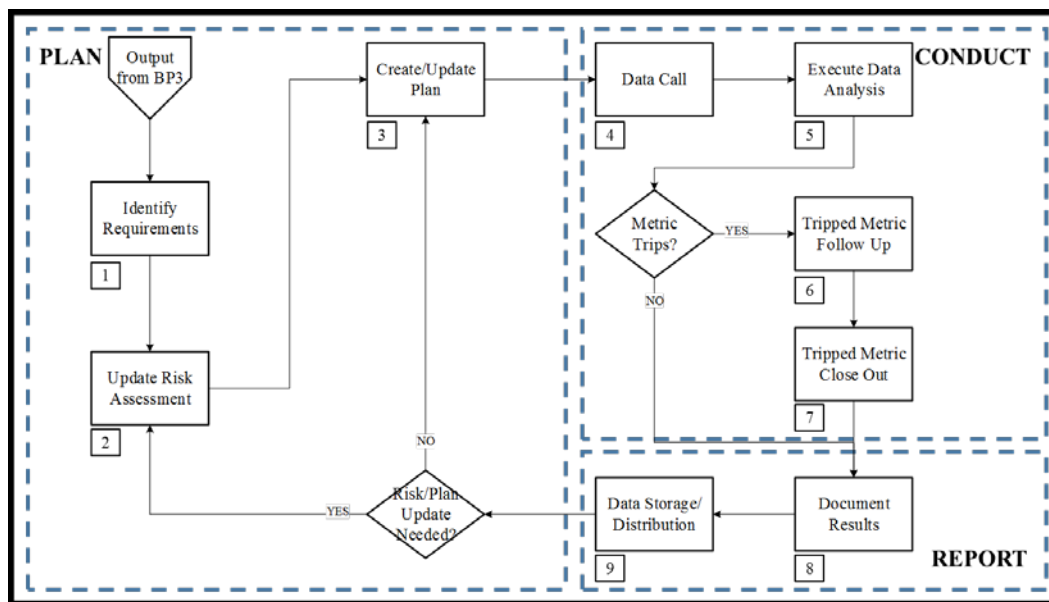
4. Team Member, EVMS Center. Executes the process defined in this issuance as directed by the Team Lead and Group Lead.

### Process:

**Overview.** EVMS assessments will be conducted in accordance with applicable overarching DCMA surveillance policies as well as the requirements of this business practice as depicted under “Reference” at all contractor sites where there is a contractual requirement for EVMS oversight. The EVMS surveillance assessment process can be summarized in three (3) phases as illustrated in Figure 1 below:

Plan	(steps 1-3)
Conduct	(steps 4-7)
Report	(steps 8-9)

The paragraphs below provide additional detailed steps for each phase.



*Figure 1. EVMS Surveillance Process*

For SP contract(s), if existing surveillance is determined to be acceptable to address the risks of the system, the surveillance of the SP contracts is optional at the direction of the SP Director or delegate. If there is no existing site surveillance SP would develop a Surveillance Plan in accordance with this Business Practice.

### Plan –

1. Identify Requirements – Contracts with EVMS requirements are identified and communicated to the EVMS Center in accordance with DCMA Manual, Contract Receipt and Review (CR&R). As a part of fiscal year Surveillance Planning, the Team Member will contact the contractor’s EVMS point of contact at each CAGE to identify any potential new sites, contracts, modifications to existing contracts, or subcontracts with EVMS

## EVMS Center Business Practice 4

requirements as part of developing the annual Surveillance Plan. The Team Lead will communicate any changes to the contract workload to the Group Lead.

Additionally, the Team Member will communicate with the cognizant CMO to ascertain if there are any programmatic risks which should be considered in the overall EVM system risk assessment and should also review CMO Program Assessment Reports (PAR) for potential risk information.

2. Risk Assessment – Fiscal year planning requires the Team Member to assess the contractor's risk at each site using the standardized Risk Assessment Worksheet (Attachment A). The assessment should pinpoint focus areas based on the unique characteristics of the site, contracts/programs, history/trends, and the overall status of the EVMS. Focus areas are those that may pose higher risk when performing surveillance of the contractor's EVMS. The risk assessment will require the Team Member to consider:
  - a. An assessment of the efficacy of the contractor's internal control/audit program
  - b. Results/findings from contractor internal oversight activities
  - c. Results/findings from prior EVMS Center assessments (e.g., output from other EVMS Business Practices) to include recent EVMS CARs for the site or business unit
  - d. High-level visibility of the program/contract (Congressional interest, Nunn-McCurdy, OSD Horse Blanket, GAO Audits, etc.)
  - e. Other concerns identified by Government PMOs, DCMA Contract Management Office (CMO) Program Support Teams, cognizant COs, and other stakeholders

The risk assessment shall be summarized in the Surveillance Plan with a risk level for the site and the included factors. Government sensitive information will not be disclosed as part of the risk assessment. The objective of the risk assessment process is to identify a population of representative contracts against which we can test all aspects of the system. For sites with a single contract, the population will be one. For sites with multiple contracts, the risk assessment should identify which contracts will be reviewed, as well as contracts that are omitted from the plan, with supporting rationale for both cases.

3. Create/Update Plan – Prior to the beginning of the fiscal year, the Team Member will initiate the creation/update of the Surveillance Plan (using Attachment B) to document annual surveillance activities at a contractor's site starting in the new fiscal year. The plan will ensure the complete evaluation of all 32 Guidelines for the site's EVMS over a 3-year cycle to support the site re-certification of the approved system per DCMA Manual, Contractor Business Systems. The cycle should align with the contractor's Contractor Business Analysis Repository (CBAR) business system status next review date whenever possible. At a minimum, the plan will include a fiscal year schedule of the planned surveillance events identified by using the guideline categories and/or process groupings (DoD Earned Value Management Implementation Guide Appendix B-Guidelines-Process). All the metrics associated with a Guideline are required to be completed in one surveillance event. The site Surveillance Plan will be reviewed and approved by the EVMS Group Lead prior to execution. The EVMS Group lead can request increased site surveillance, decreased site surveillance, or require reasons and justification for the proposed Surveillance Plan. Approved Surveillance Plans are subject to change for a variety of valid reasons. Changes to approved Surveillance Plans will be approved by either the EVMS

## EVMS Center Business Practice 4

Group or Team Lead prior to execution. These changes will be communicated to the contractor and future surveillance event notifications should detail any changes to the currently approved Surveillance Plan.

All initial plans and revisions will be approved prior to execution. Before forwarding to the Group Lead, the Team Lead will verify that the plan is complete and the documented substantiations, if any, support the plan in accordance with this instruction. The Team Member will discuss and coordinate the plan with the contractor to clarify data delivery requirements and timing to ensure successful execution. Once the Surveillance Plan has been signed by the Contractor, either the Group or Team Lead will then sign the document.

### **Conduct –**

4. Data Call – Although the annual plan has been established with the contractor, the Team Member will notify the contractor by email at least 45 days in advance of each individual event. The Team Member will communicate data requirements (content and timing) and dates for follow-up actions should they be necessary. The notification also will identify any additional requirements based upon updates to the risk profile. Upon receipt the Team Member will ensure that the data is received from the contractor in accordance with the request. Any missing data elements will be communicated in a timely manner to allow the contractor to supply the data to support the planned activities.
5. Execute Data Analysis - Surveillance will be based on metric results evaluated using the contractor's data. The data is an output that should demonstrate effective implementation of the processes and tools identified within the contractor's System Description (SD) and in compliance with the EIA 748 guidelines and the EVMSIG. SD evaluation is detailed in Business Practice 2, System Description Review; however, breached metric(s) or data analysis may identify the process as described as ineffective or deficient in meeting the intent of the guidelines, thereby, requiring corrective actions to remediate the issue.

Surveillance may leverage reports and findings from contractor's internal surveillance activity (surveillance results, supporting documentation, trip follow-up/resolution, and self-identified noncompliance's). The Team Member can review contractor results and utilize the contractor's internal metric results in addition to running independent calculations on those metrics. Similarly, metric breach follow-up can leverage contractor actions, with independent validation of underlying data and interview follow-up as necessary. The choice to leverage contractor actions, or not to, will be detailed in the report.

Joint surveillance consists of a team approach to metric follow-up and/or interview actions and should be utilized to the maximum extent possible. The contractor team member should be independent of the program management reporting hierarchy for the site. The DCMA Team Member has the responsibility to perform their own independent assessment by executing the required metrics and to document all review activities inclusive of independently identifying contractor and government actions.

6. Evaluate Results - The Team Member will evaluate all results. If the metric results are indicative of a potential compliance issue, the Team Member shall consult with the

## EVMS Center Business Practice 4

Team Lead to determine if further evaluation into the issue is warranted.

7. Follow-Up – If during data analysis it becomes evident that a potential non-compliance exists, the Team Member will evaluate the anomalies. All follow-up actions will be completed from the data/artifacts supplied to the greatest extent possible. Follow-up actions may include:
  - a. Discussions with the contractor and other stakeholders on DECM results and any concerns
  - b. Requests for data to support an expanded sample size or additional artifacts related to the potential compliance issues
  - c. Interviews with appropriate Control Account Managers and other contractor personnel

Any metric trips or other EVM system concerns identified during data analysis shall be communicated to the contractor prior to the surveillance event and communicated to the Team Lead or Group Lead as necessary. These items shall be adjudicated prior to closing out the report to ensure a closed loop cycle addressing any identified concerns.

8. Closeout – After follow-up actions are complete, the Team Member will take one of the following steps to close out the action:
  - i. Acceptance of the condition as the correct execution of the contractor system
  - ii. Notation of a risk for future surveillance activities (with specific actions at a subsequent event)
  - iii. Issuance of Corrective Action Request(s) in accordance with DCMA Manual, Surveillance.

At the completion of the surveillance event, the Team Member will provide an out brief to their contractor counterparts summarizing the preliminary results and any actions taken and/or required. The detail and format of the out brief should be adjusted based upon the events included in the review. All actions will be closed out within the current surveillance event.

### **Report –**

9. Document results - Assessment activities for each site will be documented using the Report Template (Attachment C). The report will summarize or provide the following:
  - a. A report with an executive summary providing high level results and any impacts to EVM program analysis for delivery to the PMO/CMO.
  - b. Results from all metrics that were evaluated during the surveillance event (to include:
    - i. Justification for any deviation to the surveillance plan
    - ii. data “as of” date used for metric analysis
  - c. Follow-up actions taken based on the metric results and metric close-out, to include:
    - i. Metric Evaluated (i.e. 06A506A)
    - ii. Attribute

## EVMS Center Business Practice 4

- iii. Test Step
- iv. Result
- v. Summary of Follow-up
- vi. Corrective actions/Surveillance Adjustments
- d. Summary of CARs issued or observations made
- e. Summary of contractor internal CARs/findings
- f. Summary of updates to the site risk assessment resulting in an update to the plan (if applicable)
- g. Identified risks for evaluation at future surveillance events
- h. CAR/CAP status for site

Report frequency will support the activities identified in the plan. If the Team Member identifies any significant deficiencies (as defined in DFARS) in the contractors EVMS they shall present those findings to the Team Lead for concurrence and elevation to the Group Lead. Group Lead will ensure the documentation of any significant deficiency in accordance with DCMA Manual, Surveillance, as well as DCMA Manual, Contractor Business System, for escalation to the Director for concurrence and processing.

To support the 3-year site recertification of the approved EVMS per DCMA Manual 2301-01 "Contractor Business Systems", a letter will be issued to the Contracting Officer notifying them of the completion of the 3-year EVMS compliance assessment, current system status, and any outstanding Corrective Action Requests (CARs) or Corrective Action Plans (CAPs) (Attachment D).

All completed surveillance reports will be reviewed and approved by either the Group or Team Lead.

If revisions to the Surveillance Plan are required, the Team Member will draft the updated plan and submit to the Team Lead. The Team Lead will coordinate with the Group Lead for guidance and concurrence of the proposed changes. Refer to the Plan section above for plan update requirements.

10. Documents/Data Storage & Distribution - The Team Member shall upload approved plans/reports to the Integrated Workflow Management System (IWMS). Contractor sensitive, proprietary, or NOFORN (no foreign nationals) data will be marked and protected accordingly.

After approval, plans/reports will be distributed to the appropriate DCMA CMO point(s) of contact, cognizant CO, Government PMOs, and contractor, as applicable. Distribution of documents to other requesting individuals or organizations will require approval from the Director or delegate to ensure proprietary data has been removed. Caution will be used when distributing documents outside of DCMA to prevent disclosure of program sensitive or contractor proprietary information. Moreover, particular care should be considered when prime contractors request a surveillance report containing subcontractor data. Sensitive &/or proprietary subcontractor data will need to be sanitized prior to transmittal to the prime contractor. In these instances, the Team Lead will consult with the Group Lead before transmission of the report.

## **EVMS Center Business Practice 4**

This business practice will remain in effect until further notice.

## **EVMS Center Business Practice 4**

### **Attachments:**

- A. Risk Assessment Worksheet
- B. Surveillance Plan Template
- C. EVMS Report - Template
- D. EVMS Recertification Memo

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## EVMS Center Business Practice 4

<i>Rev Number</i>	<i>Description of Change</i>	<i>Sections Affected</i>	<i>Date</i>
v1.0	Initial version		02/28/2018
V2.0	Administrative	Multiple	02/28/2020