

EVMS Center Business Practice 5

Effective Date: 28 February 2020
Subject: EVMS Stakeholder Initiated Reviews
Process: EVMS Review for Cause (RFC)
Output: EVMS Continuing Compliance & 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 for the EVMS Center personnel to conduct contractor EVMS reviews for cause (RFC).

Roles and Responsibilities:

1. Director, EVMS Center (referred to as “Director” in this issuance). Functions as the primary POC for execution of EVMS RFC. Provides final adjudication and review of all products from the effort, including the Review for Cause Report (referred to as “Report” in this issuance) with any resulting Discrepancy Reports (DRs) and Corrective Action Requests (CARs).
2. Group Lead, EVMS Center (referred to as “Review Chief” in this issuance). Performs role of Review Chief during RFC efforts. Assigns responsibilities to Review Deputy and Team Members to perform the activities in this business practice. Responsible for approval/disapproval of all RFC efforts and any resulting CARs. Provides oversight of the team’s effort and supports communications with the cognizant Contracting Officer (CO), Contract Management Office (CMO), the Program Management Office (PMO) and the contractor.
3. Team Lead, EVMS Center (referred to as “Review Deputy” in this issuance). Oversees the daily operations of all team members as directed by the Review Chief. Drafts the EVMS Report, Business System Analysis Summary (BSAS), and Contracting Office (CO) Memorandum for final approval by the Review Chief. Inclusion of the BSAS is applicable only when significant deficiencies have been identified.

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4. Team Member, EVMS Center (referred to as “Team Member” in this issuance). Executes the process defined in this issuance as directed by the Review Chief and Review Deputy.
5. Contracting Officer (referred to as “CO” in this issuance). Coordinates with the EVMS Center for EVMS system status prior to making any EVMS assessments (for example, Contract Business Analysis Repository (CBAR) updates, EVMS determinations, etc.).

Process:

Overview.

EVMS assessments will be conducted in accordance with applicable overarching DCMA surveillance policies as well as the requirements of this business practice at all prime contractor and subcontractor sites where an EVMS implementation problem has been identified by the PM, EVMS functional specialist, and/or other stakeholder organizations for an approved EVMS. The responsibilities and procedures contained herein are equally applicable for assessing compliance for both prime contracts and subcontracts alike. Nevertheless, this business practice recognizes the unique contractual relationships associated with subcontracts that mandate EVMS. Except where specifically stated within this business practice, the term “contractor” applies equally to subcontractors as well as prime contractors, and specifically establishes a requirement for communication with the prime contractor associated with the subcontractor and the cognizant CO.

A RFC is a focused assessment of a contractor’s system, comprised of a System Description (SD), command media, processes, related tools, and the contractor’s ability to implement the EVM system on contracts with an EVMS requirement. The scope and conduct of the RFC should be limited to only the system processes affected in order to minimize programmatic disruptions and ensure the greatest return for resources expended. The primary objectives of the RFC are to:

- Ensure accuracy of performance data generated for government contracts
- Determine if the system acceptance should be suspended or withdrawn
- Assess and ensure correction of identified issues which have been identified by a stakeholder (to include below threshold contracts) which do not require a formally validated system or ongoing surveillance

The requirement for a compliant EVMS is prescribed in DFARS 234.201. The functional specialist works with the cognizant contracting officer through the Contractor Business System (CBS) Process as described in DCMA-MAN 2301-01. When DCMA is not the Cognizant Federal Agency (CFA) for subcontractor(s), the EVMS Center Director serves as the authority for determining and/or assessing EVMS compliance. When DCMA is not the CFA for delegations such as NASA, SUPSHIP, DOE, etc., the EVMS Center will provide the assessment of compliance to the appropriate CFA.

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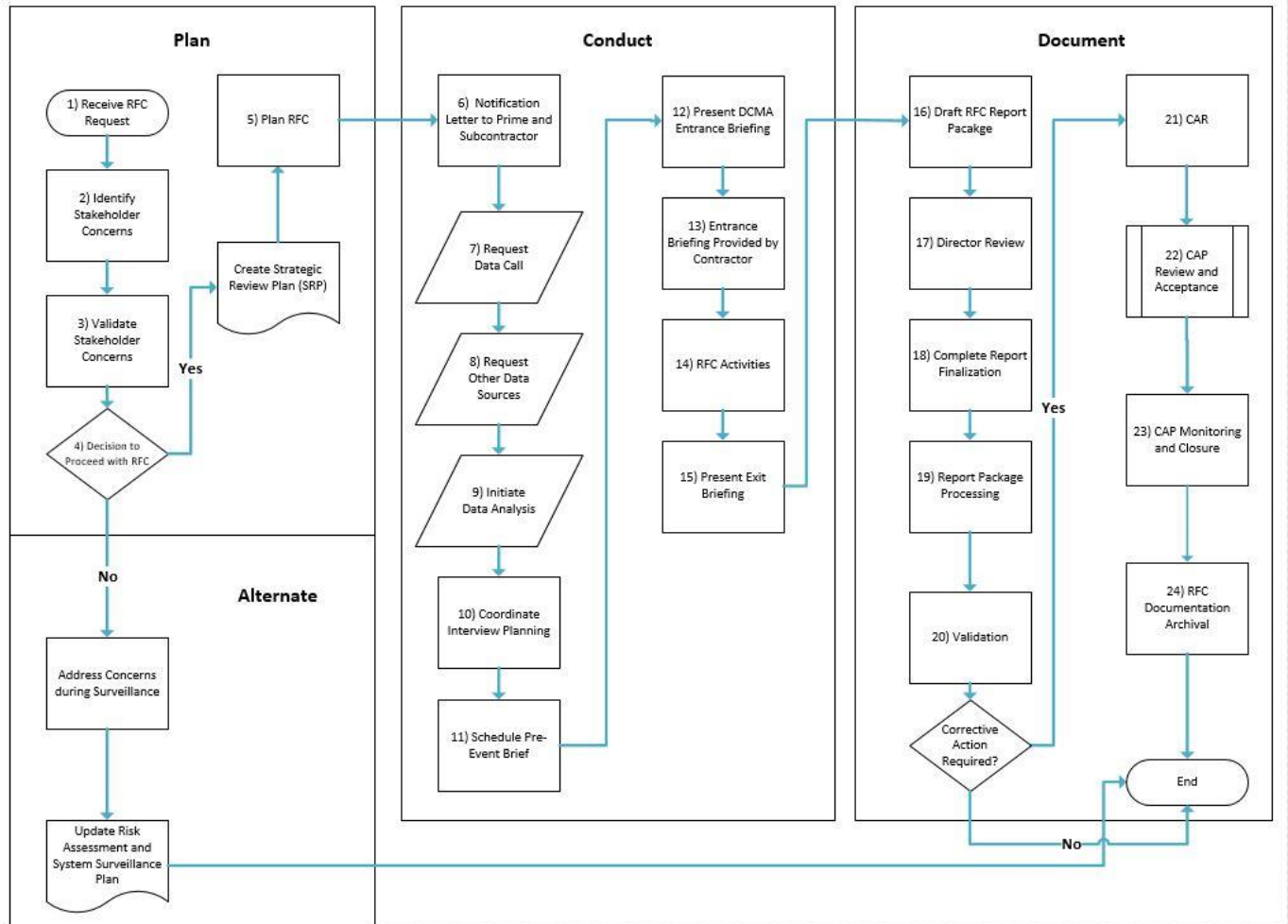


Figure 1. EVMS RFC Process

Plan

1. Receive RFC Request – Stakeholder contacts DCMA with possible EVMS concerns regarding a program or a contractor. Stakeholders may include, and are not limited to:
 - a. Procuring Contracting Officer (PCO)
 - b. Program Management Office (PMO)
 - c. DCMA Cognizant Contracting Officer (CO)
 - d. DCMA CMO Program Integrator (CMO-PI)
 - e. Nunn-McCurdy Integrated Program Team (IPT)
 - f. Prime contractor (for subcontractor issues)

2. Identify Stakeholder Concerns – The appropriate EVMSC group lead will either assign a team member or independently coordinate with the initiator of the RFC, per the RFC request, to discuss the concerns and obtain a brief history of the program challenges and stakeholder interaction with the contractor.
 - a. Ensure the RFC request is for contracts containing the applicable EVMS DFARS clauses or the commensurate flow-down clause from a prime contract to a subcontract.
 - b. Discuss concerns of the stakeholder and gather as much detail as possible. Ascertain the status of the program, performance issues, technical concerns, or ongoing disagreements. Additional items to consider may include period of

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- performance, percent complete, and cost/schedule performance. Assess the interactions between the customer and the contractor.
- c. Document in the Intake and Analysis Form, (IAF) (Attachment A).
3. Validate Stakeholder Concerns – The assigned EVMSC team member will conduct a preliminary assessment of the stakeholder concerns and collect information on the contractor's EVMS.
- a. Determine if any contract data requirements list (CDRLs) have been rejected and if so, identify the reasons that were provided for the rejection and verify status of the contractor response.
 - b. Determine if the concerns identified can be associated with specific guidelines or process areas. Identify potential system-level issues and potential sources of these issues.
 - c. Inquire about major subcontractors and determine subcontract value and if the EVMS clause was appropriately flowed down.
 - d. Use the DCMA CAR eTool to research any recently closed or open EVM-related CARs.
 - e. Contact CMO PI/EVM-specialist to obtain reports and discuss local concerns on the program and system.
 - f. Verify if EVMSC has recently performed an applicable surveillance event(s).
 - g. Verify number of contracts for the facility over the DFARS EVMS threshold.
 - h. Review Contractor Business Analysis Repository (CBAR) to ascertain CO entered system status.
 - i. Discuss the identified issues/concerns with contractor
 - j. Document concerns and acceptance results in the IAF used in step 2c
4. Decision to Proceed with RFC – Results documented in the IAF are reviewed with the EVMSC Group Lead. The EVMSC Group Lead presents the results to the Director to determine if a RFC is warranted:
- a. If a RFC is not warranted:
 - i. Notify the stakeholder(s) using the stakeholder notification letter (Attachment B)
 - ii. If applicable, update the existing surveillance plan and risk assessment with the stakeholder concerns; and
 - iii. If applicable, address the concerns during EVMS surveillance (BP4).
 - b. If a RFC is warranted:
 - i. The Director will define the RFC approach
 - ii. The Review Chief will assign a Review Deputy
 - iii. The Review Deputy will create a Strategic Review Plan (SRP, Attachment C)
 - iv. The Review Deputy will provide the SRP to the appropriate stakeholders
 - v. The Review Chief will send a RFC notification memorandum (Attachment D) to the CO. This memorandum will include a Draft Contractor Notification Letter (Attachment E) and the EVMS RFC data

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item list (Attachment F).

5. Plan RFC. The Review Chief will plan the dates for the RFC and will request and assign resources for the review. The review team size is dependent upon extent of the review. The Review Chief is responsible for determining the review team requirements and requesting the Director's concurrence prior to making the data call to the contractor. See Roles and Responsibilities section for typical team roles and responsibilities.

Conduct

6. Notification. The notification letter explains to the contractor the review requirements, scope, purpose, and time period of the on-site portion of the review. The notification should also identify facility requirements and the data call items required to conduct the review.
 - a. Prime Contractor: The Review Chief will coordinate with the cognizant CO in the preparation of the RFC notification letter. The CO will issue the notification letter (including the data call) to the contractor no later than 90 calendar days prior to the RFC. The notification letter will specify the Review Chief responsible for conducting the review.
 - b. Subcontractor: For subcontractor notifications, the Review Chief approves and issues the notification letter and data call to the subcontractor after approval by the Director no later than 90 calendar days prior to the RFC, and also forwards a copy of the notification letter to the cognizant CO for the prime contract (Attachments G and F). The notification letter will specify the Review Chief responsible for conducting the review.
7. Data Call – The notification letter includes the request for EVMS documentation and data for use during the RFC. The notification letter must request the contractor deliver the data to DCMA no later than 45 calendar days prior to the scheduled RFC. It is important to request only data pertinent to executing the review. Working with the contractor, the Review Chief must:
 - a. Identify the specific documents and tool outputs referenced in the company's SD or supporting command media (e.g., the Risk & Opportunity Register, Baseline Change Logs, and Corrective Action Log). All specific documents referenced in the SD in support of the system must be included in the data call artifact spreadsheet to allow for development of a storyboard (IAW BP2) and all other EVMS related directives may be included as needed in support of the RFC;
 - b. If the contractor's command media requires internal/corporate oversight to ensure compliance to the Electronic Industries Alliance (EIA)-748 standard guidelines, the Review Chief must request the documentation and results, including internally issued CARs of recent internal reviews (explained in more detail in step 8 below).

In cases where the contractor is non-responsive to the data call, refer the issue to the cognizant CO to follow up with the contractor in writing.

8. Other Data Sources. As part of ensuring effective implementation of the contractor's EVMS, some contractors conduct internal audits/reviews. The team should leverage internal audit information to the extent that the contractor is willing to share, in good faith, any corrective actions required or in place. The Review Chief is responsible for requesting the internal audit

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results in advance of the review. This should be provided 45 days in advance of a scheduled review.

The Review Deputy conducts a review of the DCMA CAR eTool for recent CAR history to identify open DCMA EVMS CARs. Any open DCMA EVMS CARs should be addressed and followed up on during the review. The findings should be closed upon completion of the RFC activities and reissued with the RFC findings if the deficiencies still exist. Condition statements related to closure of open EVMS CARs and discussion of repeat findings uncovered during the RFC must be included in the Report.

9. Data Analysis – The Data Analysis (DA) is a critical aspect of successfully completing the RFC and must include a complete review of all DECM pertinent to the RFC that can be evaluated during the pre-event phase. The objective of DA is to identify risk areas in the EVMS and develop interview questions with details and backup information to allow follow-up during the onsite phase. The Review Deputy and Review Chief must manage the review process to ensure a thorough data analysis is completed prior to the on-site phase.

Using the approved version of the DECM and sampling plan, the team should complete the DA at least two weeks prior to the RFC to allow time to isolate issues and develop follow-up questions for the onsite phase documented in the Interview Findings Form (IFF) (Attachment H). The DECM results must be annotated in the DECM Results Spreadsheet (Attachment I). Any part of the data analysis that cannot be conducted during this phase must be conveyed to the Review Chief for situational awareness prior to the interview planning stage.

10. Interview Planning. To ensure complete coverage of all targeted EVMS areas, the Review Chief must select key contractor personnel for interviews which may include, but not limited to, the Program Manager (PM), Business Finance Manager, Indirect Managers, Planning/Scheduling Manager, Risk Manager, Functional Managers, Integrated Product Team Leaders, Material Planners and/or Production Managers, as well as the CAMs. To ensure complete coverage of the system, the following criteria should be considered when selecting CAMs and other personnel to be interviewed:

- a. Potential discrepancies identified during data analysis that require follow-up;
- b. Demonstration of EVMS processes/tools available only on-site;
- c. Total Budget at Completion (BAC) of the control accounts;
- d. Program risk and opportunity areas;
- e. Frequency of EVMS process, implementation, or performance measurement data issues or anomalies;
- f. Control Accounts (CA) with the highest amounts of Budgeted Cost of Work Remaining (BCWR);
- g. Earned Value Methods (discrete, level of effort, and apportioned);
- h. Elements of Cost (labor, material, other direct costs, and subcontract(s));
- i. Critical path or near critical path activities;
- j. CAs with significant cost/schedule variances and/or frequent baseline changes;
- k. Stakeholder areas of concern.;

11. Pre-Event Brief. A pre-event brief must be held to ensure the government team

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has completed all pre-event activities and is prepared for the onsite event. This shall be scheduled to occur no later than one week prior to the onsite start date. The meeting is led by the Review Chief with assistance from the Review Deputy to brief the Director on data analysis results, interview schedule and scheduled dates for follow-on actions. The Review Chief will use the pre-event briefing template (Attachment J).

12. DCMA Entrance Briefing. At the start of the on-site activities, the Review Chief, or designee, must present an entrance brief (Attachment K) to the contractor to introduce the purpose, objectives, and process of the review. If this contractor entrance briefing was presented in an earlier phase of the RFC, it is not required to be presented again. The opening meeting may include technical and administrative staff who may be involved in the review; it may also include CMO leadership as appropriate. This meeting addresses the scope of the review and discusses potential timing issues that could influence the review.
13. Contractor Entrance Briefing. The Review Chief should request the contractor provide a presentation at the commencement of the onsite activities. If this contractor entrance briefing was presented in an earlier phase of the RFC, it is not required to be presented again. The contractor should provide an overview of the system's design and operation that describes system process flows/traces and applicable reports. If applicable, the overview will identify EVMS changes, open CAR or Corrective Action Plan (CAP) actions, and potential areas of noncompliance.
14. RFC Activities. After the opening meeting(s), the team will conduct the review by performing the following activities:
 - a. Interview contractor personnel and record responses to questions;
 - b. Review the implementation of procedures, manuals and processes;
 - c. Assess the adequacy of internal management controls;
 - d. Identify any additional documentation needed to complete any review work or to provide answers to questions presented during the interview. A formal document request form (Attachment L) will be created and provided to the contractor for traceability;
 - e. Conduct periodic government team meetings/interview debriefings to provide a short summary of the interview (Attachment M), review any findings and focus the emphasis of remaining interviews;
 - f. Document discrepancies in DRs as required (Attachment N); and
 - g. Provide the contractor (typically at end of each day) a daily status of review activities, preliminary findings, the current DR log, and all draft DRs as they are approved by the Review Chief.
15. Exit Brief. Before the conclusion of the onsite visit, the Review Chief will brief the Director on the preliminary findings. After the Director concurs with the briefing content, the Review Chief will then brief the contractor on the preliminary findings and next steps (Attachment O). This brief should highlight that preliminary and final findings/CARs may differ; any contractor work to address preliminary findings will be at-risk if there is change.

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Document

16. Draft RFC Report Package. The Review Chief shall provide the Director a draft report package within 25 calendar days after completion of the onsite RFC phase. The Report package consists of the RFC Report, all DRs, the BSAS input (if required, does not apply to subcontracts, see Overview section) and a draft CO letter (Attachments P, Q and R). The Report is the Review Chief's assessment of the EVMS; it provides the detailed findings as well as a summary that emphasizes the material issues affecting programmatic decision-making. The intent of the report is to provide a summary of what identified discrepancies mean in terms of mitigating issues in the data delivered from the EVMS, as well as areas that need to be addressed by the contractor to improve the operation of their EVMS. The Review Chief shall notify the Director immediately if more time is required to prepare and submit the Draft RFC Report Package.
 - a. BSAS (if materially significant findings exist). When the review is in support of a formal determination, the Review Chief will summarize the Report in the BSAS (Attachment Q). The BSAS is an internal DCMA document intended to assist the CO in identifying potentially significant deficiencies. The BSAS must not declare findings as significant or not significant, recommend approval or disapproval of a business system, replace or supplement the CO's initial determination letter, or be released to the contractor.
 - b. Draft Contracting Officer Letter Content. The Review Chief will summarize the findings and path forward in a draft letter to the CO. (Attachment R).
17. Director Review. The Director will have 5 calendar days to review the draft RFC Report Package and provide feedback and required edits.
18. Report Finalization. Within 10 calendar days following the Director's review, the Review Chief must incorporate feedback from the Director and submit to document control a final version incorporating the Director's feedback. This time period includes any follow-up conversations on incorporated changes from the Director, as needed.
19. Report Package processing. After Director approval, the EVMS Center will assign a control number to the RFC report, the BSAS and the draft CO letter within 2 working days. The Review Chief will also email the RFC Report package to the CO within 2 working days after Director approval.



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20. Acceptance. Refer to DCMA-MAN-2301-01 for required steps to support the CO's responsibility for the initial and final determinations of acceptability of the contractor's business system and approving or disapproving the system.
- a. Prime Contractor: Based on the EVMS compliance assessment and in consultation with the Review Chief, the CO shall determine the acceptability of the EVMS in accordance with DFARS 252.234-7002, and approve or disapprove the EVMS. An approved EVMS is considered to be accepted; conversely, a disapproval results in a loss of EVMS acceptance status. After the contractor has responded to the CO's initial determination, the CO and the Review Chief should consider holding a closing meeting with the contractor to discuss the review findings, recommended solutions, and the contractor's response. This is an opportunity for the contractor to discuss status and any remaining issues. This meeting should occur no later than 2 to 3 weeks after the contractor has responded in writing to the initial determination but before the CO has made a final determination. The CO shall coordinate CBAR contractor EVMS status changes with the Review Chief and will accurately reflect the status in the CBAR eTool as approved or disapproved upon final determination.
 - b. Subcontractor: DCMA-MAN-2301-01 does not apply to subcontractors when dealing with business system determinations or financial remedies for system deficiencies. However, DCMA assesses initial and continuing subcontractor compliance with the EVMS criteria flowed down by a prime contractor. The Director shall consider if the EVMS should be assessed and shall draft a letter for the delegated CO to notify the subcontractor of the pending decision (Attachment S). After the subcontractor responds, the delegated CO and the Director should consider holding a closing meeting with the subcontractor to discuss the review findings, recommended solutions, and the subcontractor's response. This is an opportunity for the subcontractor to discuss status and any remaining issues. The Director shall assess the EVMS and shall prepare a final letter for the delegated CO to issue to the subcontractor with a copy forwarded to the cognizant CO for the prime contractor(s) (Attachment T). Subcontractor EVMS acceptance by DCMA does not affect the ultimate responsibility of the prime contractor for ensuring that the subcontractor initially establishes an acceptable EVMS and maintains the system throughout the performance of the prime contract.

The Review Chief shall flow information, excluding subcontractor proprietary information, to the CO for the prime contractor regarding the status and condition of the subcontractor EVMS. The CO for the prime contractor coordinates with the Group Lead and the delegated CO for the subcontractor to evaluate the impact of any subcontractor non-compliance on the prime's EVMS and take appropriate action.

21. CAR. When one or more non-material deficiencies associated with the contractor's EVMS are identified by DCMA as part of the RFC, a Level II CAR will be issued to the contractor concurrent with the issuance of the RFC report. In accordance with DCMA-MAN-2301-01, if the review team submits a BSAS identifying one or more potential significant deficiencies, those deficiencies shall be identified in a draft Level III CAR. All CARs will be issued and escalated in accordance with DCMA-MAN-2303-04. EVMS CARs must be documented using

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the CAR eTool, with each DR included in the associated CAR. CAR levels are shown in Attachment U.

22. CAP Review and Acceptance. With the issuance of a CAR a CAP is required and the Review Chief must ensure it contains the following:
- a. A schedule specifying activities, milestones, verification/test points, progress, relationships to CAP processes, and timing to resolve deficiencies.
 - b. A working document containing a brief description of each deficiency with its associated DRs and GL numbers, root cause of the deficiencies, mitigation of any current impact to government, and corrective and preventative actions to resolve deficiencies and prevent recurrence
 - c. A description of verification method(s) and objective measures to assess corrective/preventative action effectiveness
 - d. A description of exit criteria that validate the resolution of the issues identified and prevention of recurrence.
23. CAP Monitoring and Closure. The Review Chief monitors and tracks CAP activities to closure.
- a) Level II CAR: The Review Chief determines if the contractor is effectively implementing the CAP. The Review Chief shall monitor the contractor's progress in correcting deficiencies as outlined in the contractor's CAP in accordance with DCMA-MAN 2303-04. Accordingly, when the contractor notifies the Review Chief in writing all system deficiencies have been corrected, the Review Chief shall review the corrections to determine if the deficiencies have been resolved. The verification may include staff interviews, performance of tests, or reviewing new procedures. If the CAP review indicates the deficiencies have been corrected, the Review Chief closes the CAR in the CAR eTool. The CAR eTool generates a letter notifying the contractor the CAR has been closed. The Review Chief should follow-up with an email to all stakeholders informing them of the CAR closure.
 - b) Level III and higher CAR: In consultation with the Review Chief, the CO determines if the contractor is effectively implementing the CAP. The Review Chief works with the CO to monitor the contractor's progress in correcting deficiencies as outlined in the contractor's CAP in accordance with DCMA-MAN 2303-04. Accordingly, when the contractor notifies the CO in writing that all system deficiencies have been corrected, the CO shall request the Review Chief review the corrections to determine if the deficiencies have been resolved. The verification may include staff interviews, performance of tests, or reviewing new procedures. If the CAP review indicates the deficiencies have been corrected, the Review Chief drafts and the Director approves a memorandum for record (letter) to the CO (Attachment V) indicating satisfactory correction for all documented issues and/or whether further actions are necessary along with requisite documentation. The CO shall determine EVMS acceptability in accordance with DFARS 252.234-7002, and approve or disapprove the EVMS. For subcontractors, the EVMS Center shall decide pursuant to RFC results if the EVMS should be considered compliant and shall prepare a final letter for the cognizant CO to issue to the subcontractor accordingly with a copy forwarded to the cognizant CO for the prime contractor(s). As subcontractors are not entered into CBAR, there is not action related to CBAR for the subcontractor.

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24. RFC Documentation Archival. The Director shall ensure RFC information is archived. Historical records support internal and external information queries or decisions regarding future reviews. Although the CO maintains the official contractual records, the responsible Corporate Group shall archive RFC working files such as the RFC Report, correspondences, CAR, and other applicable files.

This business practice will remain in effect until further notice.

Attachments:

- A. Intake and Analysis Form (IAF)
- B. Stakeholder Notification Letter
- C. Strategic Review Plan (SRP)
- D. CO RFC Notification Memorandum
- E. Draft Contractor Notification Letter
- F. EVMS RFC data item list
- G. Subcontractor RFC Notification Letter
- H. Interview Findings Form
- J. Pre-Event Brief
- K. Entrance Brief
- L. Document Request Form
- M. Interview Debrief Form
- N. Discrepancy Report Form
- O. Exit-Brief
- P. EVMS Report - Template
- Q. Business Systems Analysis Summary
- R. Draft CO Letter
- S. Draft Subcontractor CO Acceptance Letter
- T. Final Subcontractor CO Acceptance Letter
- U. CAR Levels
- V. Level III CAR Closure Memorandum

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<i>Rev Number</i>	<i>Description of Change</i>	<i>Sections Affected</i>	<i>Date</i>
v1.0	Initial version		11/5/2018
V2.0	Administrative Updates	Multiple	02/28/2020