



DEPARTMENT OF THE NAVY
PROGRAM EXECUTIVE OFFICER, COMMAND, CONTROL, COMMUNICATIONS,
COMPUTERS AND INTELLIGENCE
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3960
Ser PEO C4I/040
MAR 06 2007

From: Program Executive Officer, Command, Control,
Communications, Computers and Intelligence

Subj: POLICY FOR IMPLEMENTATION OF EARNED VALUE MANAGEMENT
WITHIN THE PEO C4I

Ref: (a) DoDI 5000.2 of 12 May 03
(b) SECNAVINST 5000.2C of 19 Nov 04
(c) USD Memo of 7 Mar 05, Revision to DOD Earned Value
Management Policy
(d) Defense Acquisition Guidebook of 24 Jul 06
(e) ANSI/EIA-748-98, Earned Value Management System
Standard
(f) MIL-HDBK-881A, Work Breakdown Structure for Defense
Materiel Items of 30 July 05
(g) Memorandum of Agreement between COMSPAWAR and PEO (C4I
and Space) of 22 Sept 03
(h) ASN (RDA) Memo of 4 December 06, Acquisition Program
Cost
Growth; Management of Engineering Change Proposals
(i) DoD Earned Value Management Implementation Guide of
Oct 06
(j) PEO C4I and Space Memo of 26 Apr 06, Contract Planning
Policy
(k) ASN (RDA) Memo of 30 March 06, Earned Value Management
(EVM) Mission Statement

Encl: (1) EVM Reference Guide
(2) EVM Waiver Request

1. Purpose. This document supersedes the PEO (C4I) policy 3960/
SER PEO C4I/294 of 19 December 2005 governing the implementation
of Earned Value Management (EVM) and provides a common framework
beyond the policies and procedures established by references (a)
through (k).

2. Applicability and Scope. This policy is applicable to all
funded efforts within the PEO (C4I) Total Obligation Authority
(TOA). This includes Programs of Record (POR), Abbreviated
Acquisition Programs (AAPs), Pre-Acquisition Activities of
planned PORs, and PEO Projects. This policy is not retroactive

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to existing or past contract actions.

3. Policy. References (a) through (d) provide policy, regulatory guidance and mandatory implementation procedures for utilization of EVM for all DON acquisition Programs. Subj: POLICY FOR IMPLEMENTATION OF EARNED VALUE MANAGEMENT WITHIN THE PEO C4I

Enclosure (1) is provided to assist the Program Manager in the implementation of EVM. Additional guidance and best practices can be found in enclosure (1) and at the following OSD and DAU websites:

- a. <http://www.acq.osd.mil/pm>
- b. <https://acc.dau.mil/evm>

4. Responsibilities. PEO (C4I) Program Managers shall:

a. Adhere to DOD policy requiring the implementation, in accordance with Reference (e), of EVM for all cost or incentive contracts, subcontracts, intra-government work agreements, and other agreements (including efforts where the Government performs as a prime with Echelon III activities), valued at or greater than \$20 million (then-year dollars). Where these efforts are equal to or greater than \$50 million (then-year dollars), ensure the EVM system used has been formally validated and accepted in accordance with references (c) and (e). If the contract value is less than \$50 Million (then-year dollars) then formal validation of the contractor's EVM system is not required; however, the contractor needs to maintain compliance with the standard in accordance with reference (e). The determination to require EVM is not based on cumulative contract amounts but on single efforts. However, efforts shall not be artificially divided into separate contracts and delivery orders for the purpose of not exceeding thresholds where EVM would be required.

b. Conduct an IPT with SPAWAR 01-6, 02 and 05 on contracts below \$20 million (then-year dollars) to determine costs risks which would require possible EVM application on the contract. EVM implementation on contracts below \$20 Million (then-year dollars) will be a risk-based decision and require a waiver request be submitted for approval in accordance with enclosure (2) to the PEO (C4I). To support the risk-based decision by the PEO (C4I) regarding EVM, the waiver submission must include a cost-benefit analysis supporting the implementation of EVM for

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these efforts.

c. Obtain a waiver through the Milestone Decision Authority for individual contracts involving extraordinary cases for Firm Fixed Price, Level of Effort, or Time and Material contracts of any dollar value, where the cost visibility is required and cannot be obtained using the Truth in Negotiation Act. Waiver will require PEO (C4I) and Contracting concurrence and be submitted in accordance with enclosure (2). The waiver request must include a business case analysis that includes supporting rationale for why a cost or fixed price incentive contract was not an appropriate contracting vehicle.

d. Include applicable DFARS Clauses (252.242-7001 for solicitations and 252.242-7002 for contracts) IAW reference (i) in contracts equal to or greater than \$50 million (then-year dollars).

e. Include the following paragraph in the statement of work/statement of objective (SOW/SOO) IAW reference (i) for cost or incentive efforts valued at or greater than \$20 million, but less than \$50 million (then year dollars). Additionally, on all contracts where PEO (C4I) or MDA has made a risk based decision to approve a waiver and implement EVM, include the following paragraph in the SOW/SOO:

"In regard to DFARS 252-242-7001 and 252-242-7002, the contractor is required to have an Earned Value Management System that complies with ANSI/EIA-748; however, the government will not formally validate/accept the contractor's management system (no compliance review)."

f. Establish a Memorandum of Agreement (MOA) with the cognizant Contract Administration Office for the surveillance, duties, and analysis of EVM per reference (d).

g. Coordinate support requirements with our enterprise Subject Matter Experts, SPAWAR 01-6 and Procurement Contracting Officer (PCO) IAW Reference (g).

h. Utilize reference (f) as the common DOD Work Breakdown Structure in the Contract Performance Report (CPR) (Data Item Description number DID-MGMT-81466), and Contractor Cost Data Report (CCDR). The same WBS approved by the Defense Cost and Resource Center (DCARC) must be used for both CPR and CCDR. Use of Cost/Schedule Status Reports (C/SSR) was rescinded by reference

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(c) and shall not be used to satisfy the EVM reporting requirement on future contract awards.

i. Include both SPAWAR 01-6 and SPAWAR 02 for distribution on the DD Form 1423, Contract Data Requirement List (CDRL) for CPRs and CDRs. Program Managers shall require an Integrated Master Schedule (IMS) (DID Number DID-MGMT-81650) and conduct an Integrated Baseline Review (IBR) whenever EVM is required.

j. Convene a Contract Planning Conference (CPC) IAW reference (j) prior to PEO C4I approval of contract reprogramming to address Over Target Baseline when they occur. Per reference (h) no contract modification that increases the total program cost is authorized.

k. Convene an Integrated Product Team (IPT) with SPAWAR 01-6, 02 and 05 to provide execution status when the work on contract is 15% completed.

l. Ensure that EVM, when required, is included in associated acquisition documents, including Acquisition Plans, Request for Proposals, and SOW/SOOs. Additionally, to ensure effective quarterly EVM Metric reporting by the Acquisition Management Office, PMs shall keep the appropriate sections of the PEO (C4I) AMO database and quarterly DASHBOARD, and Program Status Reports current with all EVM activities.

5. Please direct inquiries on this subject to the PEO (C4I) Acquisition Management Office, Ed Butrovich, 619-524-7652.



CHRISTOPHER A. MILLER
Acting

Distribution:

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SPAWAR 01-6, 02, 05

PEO (C4I) BFM, AM, T, D, DPEO

NMSA (Naval Material Support Agency)

Earned Value Management Reference Guide

KEY REFERENCES:

Cost Performance/EVMS Criteria DOD 5000.2, Table
E3T2
for Mandatory Procedures and Reporting

Defense Acquisition Executive Summary Defense Acquisition
Guidebook
para 10.9.4

Contract Performance Report Defense
Acquisition Guidebook
para 11.3.1.4.1

Integrated Master Schedule
Defense Acquisition Guidebook
para 11.3.1.4.2

Contract Funds Status Report
Defense Acquisition Guidebook
para 11.3.2.1

CONTRACT DATA REQUIREMENTS LIST (CDRLS):

DI-MGMT-81466 Cost Performance Report (CPR)

DI-MGMT-81468 Contract Funds Status Report (CFSR)

DI-MGMT-81650 Integrated Master Schedule

DEFINITIONS:

(reference:
https://acc.dau.mil/simplify/ev_en.php?ID=17993_201&ID2=DO_TOPIC)

EARNED Value: The value of completed work expressed in terms of the budget assigned to that work.

EVMS: Earned value management system is a project management tool that effectively integrates the project scope of work with cost, schedule and performance elements for optimum project planning and control. The qualities and operating

characteristics of earned value management systems are described in American National Standards Institute (ANSI)/ Electronics Industries Alliance (EIA) Standard-748, Earned Value Management systems (OMB Circular A-11, Part 7.).

IBR: Integrated Baseline Review (IBR) is conducted to verify the technical content and the realism of the related performance budgets, resources, and schedules. It should provide a mutual understanding of the inherent risks in offerors'/contractors' performance plans and the underlying management control systems, and it should formulate a plan to handle these risks. IBR's are usually conducted within the first six months after contract award.

OTB: An Over Target Baseline is a contract budget base that was reprogrammed to include ADDITIONAL performance budget and therefore EXCEEDS target contract costs. An OTB entails adding budget for either future work or in-process work and possibly adjusting cost and schedule variances and results in a New PMB. ANSI/EIA-748-1998 refers to an OTB as a 'recovery plan' or 'a new baseline' when original objectives cannot be met and new goals are required. If contract cost growth is greater than 15%, an OTB may be warranted.

OTS: Over-Target Schedule is a condition where work is scheduled and the associated budgets are time phased BEYOND the contract target completion date. OTS may be implemented without adding additional budget but usually results in an OTB as well.

PMB: Performance Measurement Baseline is a time phased budget plan against which contract performance is measured.

Rebaselining: Rebaselining is the general term used for describing a major realignment of the PMB to improve the correlation between the work planned and the baseline scope, budget, and schedule.

Reprogramming: Reprogramming is a comprehensive re-planning of the remaining PMB that results in a total budget and/or total schedule in excess of contractual requirements. Reprogramming is the process that results in an Over Target Baseline, Over Target Schedule, or both.

Re-planning: Re-planning is a program control process for realignment of schedule or reallocation of budget for remaining effort WITHIN the existing constraints of the contract.

Risk-based Decision: Comparison of the program risk verses the cost of EVM implementation.

Earned Value Management Required Matrix

Contract Type	\$	EVM
FFP	Any \$	Requires Waiver to Utilize EVM
Any	< 20 million	Requires Waiver

		to Utilize EVM
Cost Plus	=/> 20 million < 50 million	Use ANSI
Cost Plus	=/> 50 million	Use Certified EVM

Earned Value Implementation Request

From: Program Manager
To: Program Executive Officer, Command, Control,
Communications, Computers, and Intelligence/or MDA When
Applicable

Via: PEO (C4I) - Acquisition Manager

Subj: Waiver REQUEST AUTHORIZATION TO IMPLEMENT EARNED VALUE
MANAGEMENT
(EVM) FOR (PROGRAM NAME)

Ref: (a) Policy for Implementation of Earned Value Management
within the PEO C4I
(b) USD Memo 7 Mar 05, Revision to DOD Earned Value
Management Policy

Encl: (1) Cost-Benefits Analysis

1. Request authorization to waive the requirements of reference
(a) and (b) and implement EVM for (Program Name).
2. A cost-benefit analysis supporting justification for
implementation of EVM for (Program Name) provided as enclosure.

//PM Signature//

PEO (C4I) Endorsement/or MDA When Applicable

Approved _____

Disapproved _____

Enclosure (2)