

SBA Earned Value Management System Policy for Information Technology (IT) Projects

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1 Background

Earned Value Management (EVM) is a project management control tool allowing visibility into technical, cost, and schedule planning, performance, and progress for major IT projects. EVM not only encourages contractors to use effective internal cost and schedule management control systems, it also provides the manager with timely and consistent cost and schedule variance. The implementation of an Earned Value Management System (EVMS) ensures that cost, schedule, and technical aspects of the contract are truly integrated and estimated and that actual progress of the project can be identified. The Office of Management and Budget (OMB) requires the use of an EVMS compliant with the guidelines in the American National Standards Institute/ Electronic Industries Association (ANSI/EIA) Standard 748 for all major IT investments with development work.

1.1 Scope

The Small Business Administration (SBA) encourages all IT projects to use EVMS. SBA has developed a system that will allow PMs to determine EV that will be discussed later in this document. However, it is mandatory that all major investments (investments that cost \$200,000 or more in a single year, or \$500,000 or more in three years, and all projects deemed to be of high visibility by the Business Technology Investment Counsel (BTIC)) use the EVMS. The Agency deemed it appropriate to adopt a more stringent standard for project review than mandated by OMB circular A – 11 because Agency management wanted a view into more of the Agency IT investment. OMB Circular A-11 defines a “major acquisition/investment” as a system or project requiring special management attention because of its importance to the mission or function of the Agency.

Per OMB Circular A-11, EVMS is required for those parts of the major investment where developmental effort is required. EVMS is to be applied to both Government and contractor efforts. For operational/steady-state systems, an operational analysis system as discussed in Phase IV Management and Use Phase of the Capital Programming Guide is required. A performance-based service contract/ agreement with a defined quality assurance plan is to be the basis for monitoring contractor or in-house performance of this phase.

1.2 Document Purpose

The purpose of this document is to record and establish the SBA’s EVMS policy. It provides the Agency’s policies as required by OMB Memorandum M-05-23.

1.3 Intended Audience

The intended audience for this document is:

- Agency personnel responsible for IT project management
- Agency personnel responsible for project status reporting
- Agency personnel responsible for technology investment oversight
- Agency personnel responsible for implementing EVM

2 Legislation, Policies, and Standards

This section outlines the legislation, policy, and standards that the SBA's EVM policy is based on.

2.1 Legislation

Relevant legislation includes:

- **Federal Acquisition Streamlining Act of 1994** – Requires agency heads to achieve, on average, 90 percent of the cost and schedule goals established for major and non-major acquisition programs of the Agency without reducing the performance or capabilities of the items being acquired
- **Clinger-Cohen Act of 1996** – Requires the establishment of the processes for executive agencies to analyze, track, and evaluate the risks and results of major investments in IT and requires reporting on the net program performance benefits achieved by agencies

2.2 Policies

Relevant policies include:

- **OMB Circular A-11, Part 7, Planning, Budgeting, Acquisition & Management of Capital Assets** – Outlines a systematic process for program management, which includes integration of program scope, schedule, and cost objective; requires use of earned value techniques for performance measurement during execution of the program; and identifies ANSI/EIA Standard 748.
- **OMB Memorandum M-04-24, Expanded Electronic Government (E-Gov) President's Management Agenda (PMA) Scorecard Cost, Schedule and Performance Standards for Success** – Provides additional information on the PMA Expanded E-Gov initiative and the standard for success concerning cost, schedule, and performance goals.
- **OMB Memorandum M-05-23, Improving Information Technology (IT) Project Planning and Execution** – Provides guidance to assist agencies in monitoring and improving project planning and execution and fully implementing EVMS for major IT projects.

2.3 Standards

Relevant standards include the ANSI/EIA EVMS Standard 748–1998 – Industry process for use of EVMS including integration of program scope, schedule, and cost objectives; establishment of a baseline plan for accomplishment of program objectives; and use of earned value techniques for performance measurement during the execution of a program.

3 Processes

This section outlines the detailed processes to implement and use EVMS to plan and manage IT investments. These processes are organized in accordance with ANSI/EIA Standard 748. The SBA Project managers may tailor their approach to ANSI/EIA Standard 748 in accordance with the size, scope and complexity of his project.

Organization

- Define the authorized work elements for the program. A work breakdown structure (WBS), tailored for effective internal management control, is commonly used in this process.
- Identify the program organizational structure, including the major subcontractors responsible for accomplishing the authorized work, and define the organizational elements in which work will be planned and controlled.
- Provide for the integration of the company's planning, scheduling, budgeting, work authorization, and cost accumulation processes with each other and, as appropriate, the program WBS and the program organizational structure.
- Identify the company organization or function responsible for controlling overhead (indirect costs).
- Provide for integration of the program WBS and the program organizational structure in a manner that permits cost and schedule performance measurement by elements of either or both structures as needed.

Planning and Budgeting

- Schedule the authorized work in a manner that describes the sequence of work and identifies significant task interdependencies required to meet the requirements of the program.
- Identify physical products, milestones, technical performance goals, or other indicators that will be used to measure progress.
- Establish and maintain a time-phased budget baseline, at the control account level, against which program performance can be measured. Budget for far-term efforts may be held in higher-level accounts until an appropriate time for allocation at the control account level. Initial budgets established for performance measurement will be based on either internal management goals or the external customer-negotiated target cost including estimates for authorized but undefined work. On Government contracts, if an over-target baseline is used for performance measurement reporting purposes, prior notification must be provided to the customer.
- Establish budgets for authorized work with identification of significant cost elements (labor, material, etc.) as needed for internal management and for control of subcontractors.

- To the extent that it is practical to identify the authorized work in discrete work packages, establish budgets for this work in terms of dollars, hours, or other measurable units. Where the entire control account is not subdivided into work packages, identify the far-term effort in larger planning packages for budget and scheduling purposes.
- Provide that the sum of all work package budgets plus planning package budgets within a control account equals the control account budget.
- Identify and control level-of-effort activity by time-phased budgets established for this purpose. Only that effort which is unmeasurable or for which measurement is impractical may be classified as level-of-effort.
- Establish overhead budgets for each significant organizational component of the company for expenses that will become indirect costs. Reflect in the program budgets, at the appropriate level, the amounts in overhead pools that are planned to be allocated to the program as indirect costs.
- Identify management reserves and undistributed budget.
- Provide that the program target cost goal is reconciled with the sum of all internal program budgets and management reserves.

Accounting Considerations

- Record direct costs in a manner consistent with the budgets in a formal system controlled by the general books of account.
- When a WBS is used, summarize direct costs from control accounts into the WBS without allocation of a single control account to two or more WBS elements.
- Summarize direct costs from the control accounts into the contractor's organizational elements without allocation of a single control account to two or more organizational elements.
- Record all indirect costs that will be allocated to the contract.
- Identify unit costs, equivalent unit costs, or lot costs, when needed.
- For EVMS, the material accounting system will provide for:
 - Accurate cost accumulation and assignment of costs to control accounts in a manner consistent with the budgets using recognized, acceptable, costing techniques
 - Cost performance measurement at the point in time most suitable for the category of material involved, but no earlier than the time of progress payments or actual receipt of material
 - Full accountability of all material purchased for the program including the residual inventory

Analysis and Management Reports

- Generate, at least monthly, the following information at the control account and other levels, as necessary, for management control using actual cost data from, or reconcilable with, the accounting system:
- Comparison of the amount of planned budget and the amount of budget earned for work accomplished. This comparison provides the schedule variance.
- Comparison of the amount of the budget earned versus the actual (applied where appropriate) direct costs for the same work. This comparison provides the cost variance.
- Identify, at least monthly, the significant differences between planned and actual schedule performance and planned and actual cost performance. Also, provide the reasons for the variances in the detail needed by program management.
- Identify budgeted and applied (or actual) indirect costs at the level and frequency needed by management for effective control, along with the reasons for any significant variances.
- Summarize the data elements and associated variances through the program organization and/or WBS to support management needs and any customer reporting specified in the contract.
- Implement managerial actions determined as the result of earned value information.
- Develop revised estimates of cost at completion based on performance to date, commitment values for material, and estimates of future conditions. Compare this information with the performance measurement baseline to identify variances at completion important to company management and any applicable customer reporting requirements, including statements of funding requirements.

Revisions and Data Maintenance

- Incorporate authorized changes in a timely manner, recording the effects of such changes in budgets and schedules. In the directed effort prior to negotiation of a change, base such revisions on the amount estimated and budgeted to the program organizations.
- Reconcile current budgets with prior budgets, in terms of changes to the authorized work and internal planning in the detail needed by management for effective control.
- Control retroactive changes to records pertaining to work performed that would change previously reported amounts for actual costs, earned value, or budgets. Adjustments should be made only for correction of errors, routine accounting adjustments, effects of customer or management directed changes, or to improve the baseline integrity and accuracy of performance measurement data.

- Prevent revisions to the program budget except for authorized changes.
- Document changes to the performance measurement baseline.

3.1 Organization, Planning, Scheduling, and Budgeting

Initial program planning is outlined in the Agency's Systems Development Methodology (SDM). It provides the basis for using EVM. The following list outlines the EVM elements outlined in the SBA SDM:

- **Work Breakdown Structure (WBS)** – A task-oriented detailed breakdown that defines the work packages and tasks at a level above that defined in the networks and schedules.
- **Organizational Breakdown Structure (OBS)** – A functionally oriented division of the contractor's organization established to perform the work on a specific contract.
- **Responsibility Assignment Matrix (RAM)** – Correlates the work required by a Contract Work Breakdown Structure (CWBS) element to the functional organization responsible for accomplishing the assigned tasks.
- **Performance Measurement Baseline (PMB)** – The time-phased budget plan against which project performance is measured. Assessment of the PMB is conducted through Integrated Baseline Reviews (IBRs). Agency EVM policy indicates a timeline for development of the above items, roles and responsibilities of resources involved (e.g., content developers, reviewers), and templates and tools utilized.

3.2 Integrated Baseline Reviews

Per OMB Memorandum M-05-23 and Agency EVM policy, IBRs will be performed prior to contract initiation. An IBR is an assessment of the PMB to ensure the adequacy, accuracy, and risks of the PMB. The purpose of these IBRs is to finalize cost, schedule, and performance goals. The PMO will work with the PMs to develop Integrated Baselines. The PMs and/or the PMO will arrange for the Agency contracting officers to perform IBRs to finalize the cost, schedule, and performance goals.

3.2.1 Monitoring, Analysis, and Reporting

This section addresses the ANSI/EIA Standard 748 categories Accounting Considerations and Analysis and Management Reports.

The Project Management Office (PMO) will collect EVM data on all of the Agency IT projects that fit the criteria outlined in Section 1.1 of this document.

The data will be collected using a collection tool developed for the SBA an industry consultant (Attachment 1). The tool is based in Microsoft Excel and is an excellent way for IT project managers (PMs) to calculate, track, store, and report EVM data. The EVM data will be delivered to the PMO no later than the 15th day of the month following the reported month (ie.g. a project's June EVM data will be reported to the PMO no later than July 15).

3.2.2 Reporting and Analysis of EVMS Data

The IT projects' EVM data will be reviewed by the PMO. The PMO will examine the calculations presented in the EVMS tool described in Section 3.2.1 by the IT PMs.

3.2.3 Integration with Portfolio Management

In accordance with OMB Memorandum M-04-24, the Agency will integrate the EVM process and findings with the Agency IT portfolio management and Capital Planning and Investment Control (CPIC) decisions. The regularly, monthly scheduled Business Technology Advisory Counsel (BTAC) meetings will be the forum for relating all EVM data to Agency management.

3.2.4 Training

The PMO will conduct EVM refresher training during the first quarter of each year. The training will be mandatory for all Agency PMs responsible for IT projects that meet the Agency requirements for EVM reporting outlined in Section 1.1 of this document. There will be two EVM training sessions offered during the fourth quarter of each fiscal year, an initial training session, and a make-up session. Further, EVM will be offered as a section in PM training to be sponsored by the PMO. The PMO is in the process of outlining its training program for current and future Agency PMs.

Training on the Agency EVMS will be offered as a module of the mandatory Agency PM training. In addition, the training materials for EVM will be posted on the Agency intranet for review any time during the year. The group responsible for training is the PMO.

There is also a self training module available to anyone seeking instruction on the use of the SBA's EVMS tool (Attachment 2, Earned Value Management Tool Usage).

3.3 Data Management and Control

This section addresses the category consistent with ANSI/EIA Standard 748, Revisions and Data Maintenance.

3.3.1 Baseline Change Control Process

The Agency's EVMS has a baseline function. The details of how to baseline the project data are located in Attachment 2 Earned Value Management Tool Usage. Once a project is baselined, it cannot be re-baselined without permission of the BTIC and OMB.

3.3.2 Corrective Action Plan (CAP)

Major investments with a variance outside of established thresholds for cost or schedule (+ or – 10%) must develop a CAP. These plans must provide strategies to correct deficiencies and to improve investment performance. These plans will be reported on the SBA's IT Investment Performance Variance Form, Attachment 3.

The form contains the following information:

- Report Date
- Investment Name

- Sponsor
- Project Manager
- Budget At Completion
- Cost Variance
- Schedule Variance
- Cause of Variance
- Reason for Magnitude
- Associated Risks/Uncertainties
- Proposed Remedies
- Person Responsible
- When Fixed

These forms will be delivered to the PMO.

3.3.3 Compliance Reviews

Per OMB Memorandum M-05-23, full implementation of an EVMS for IT projects includes compliance reviews of Agency and contractor EVMSs. Compliance reviews will be scheduled by the BTIC. The BTIC may schedule a compliance review for any reason.

All projects required to report EVM data to the PMO will have compliance reviews conducted at a minimum of once per fiscal year.

The EVM tool source documentation will be provided for all Agency projects that are having EVM performed and reported by Government full-time equivalents (FTEs). Projects that are having EVM performed and reported by the contractors providing the service must be reviewed for compliance by an outside, nongovernmental body.

All findings will be reported to the PMO and in turn to the BTIC.

3.3.4 Surveillance Reviews

Per OMB Memorandum M-05-23, agencies are required to periodically review the agency or contractor to ensure that it continues to meet ANSI/EIA Standard 748. In order to ensure that these standards are being met, the Agency will conduct surveillance reviews. Surveillance reviews will be scheduled by the BTIC. The BTIC may schedule a surveillance review for any reason. If a project is deemed at risk by the BTIC, the BTIC is obligated to schedule a surveillance review. The documentation required for performance reviews consist of but are not limited to the following:

- All project documentation developed as part of that project (the list of work products can be found in the SBA's Systems Development Methodology)
- All artifacts developed in accordance with Agency standards associated with that project
- All contracts associated with that project
- All invoices and payment vouchers
- All work products associated with that project

The surveillance review will be performed by the Office of the Chief Information Officer (OCIO) and Office of the Chief Financial Officer (OCFO) jointly. OCFO will review budget and contract issues while OCIO will review project documentation artifacts and work products.

3.3.5 Templates and Tools

The Agency has developed the following templates and tools to assist PMs with the EVM process:

- EVMS tool – Uses Microsoft Excel and assists PMs with calculating earned value, cost, and schedule variance
- Microsoft Excel – EVM tool developed for SBA by an industry expert.
- eCPIC – The OMB Exhibit 300 and portfolio management tool.

3.3.6 Integration of EVMS with Acquisition Processes

The Agency EVM policy provides details regarding Agency procedures to include EVMS requirements in contracts and Agency in-house project charters. Per OMB Memorandums M-04-24 and M-05-23, agencies are required to include a provision and clause in major acquisition contracts and/or project charters (for in-house projects) directing the use of an EVMS compliant with the guidelines in ANSI/EIA Standard 748 to ensure that the earned value data and analysis used to measure and report work progress on these investments are produced by an EVMS that meets the guidelines in ANSI/EIA Standard 748. The agency EVM policy includes sample contract language, project charter language, key points of contact in the acquisition office, and review processes to ensure compliance. For additional information, refer to Appendix A.

4 Stakeholders Roles and Responsibilities

The primary stakeholders for the Agency's EVM program are:

- **BTAC (Business Technology Advisory Counsel)**
 - Receives EVM data from the PMO
 - Makes recommendations to the BTIC when the variance are outside of the accepted range
 - Reviews Corrective Action Plans
 - Reviews Compliance and Surveillance Reviews and makes recommendations to the BTIC based on findings
- **BTIC (Business Technology Investment Counsel)** – Makes final determination on the future of Agency IT investments based on BTAC input
- **Project Sponsors** – Review and approve all reports prepared by the PMs that are submitted to the PMO
- **Project Managers** – Monitor earned value and prepare all EVMS-related materials that are submitted to the PMO
- **PMO** – Reviews all EVMS data for correctness and forwards data to the correct authority; arranges review of IT projects' EVM process for compliance with policy
- **Procurement Officials** – Perform IBRs on all contracts and ensure that EVM data clauses are a part of all solicitations and contracts
- **OMB** – Provides guidance to the Agency concerning the EVM process. Reviews quarterly EVM reports and any accompanying documentation. Investigates any EVM anomalies.

Glossary

Actual Cost – The costs actually incurred and recorded in accomplishing the work. Also known as Actual Cost of Work Performed (ACWP).

Baseline – The cost and schedule plan.

Baseline Freeze Date (BFD) – The date when initial contract startup baseline planning terminates and the baseline becomes subject to change control procedures.

Baseline Change Control (BCC) – The system used to establish, analyze, communicate, and record approved changes to the program baseline.

Budget – Total resources (measured in dollars, man-hours, or other definitive units) that are formally allocated for the accomplishment of a specific task or group of tasks.

Budget at Completion (BAC) – The total budget established for the completion of the program, control account, work package, or element.

Charge Number – The account number for work at the lowest level to which a performing organization charges direct or indirect labor, materials, and other costs.

Contract Budget Base (CBB) – The original contract target cost plus the target cost or negotiated customer-authorized changes and the estimated cost of authorized but unpriced changes. It is also the sum of all control account budgets, undistributed budgets, and management reserves.

Contract Data Requirements List (CDRL) – An element of the contract that specifies the data submittal requirements.

Contract Funds Status Report (CFSR) – A Department of Defense report that provides the funding information necessary to:

- Update and forecast contract fund requirements
- Plan and decide on funding changes
- Develop fund requirements and budget estimates in support of approved programs
- Obtain estimates of termination costs

Contract Work Breakdown Structure (CWBS) – The work breakdown structure (WBS) for a specific Government contract that is product-oriented and developed in accordance with MIL-HDBK-881 (latest revision). Provides for the subdivision of contract work into major elements.

Control Account – The focal point for planning, monitoring, and controlling tasks. Represents work within a single WBS element and is the responsibility of a single organizational unit.

Control Account Manager (CAM) – The individual designated as directly responsible for the management of a control account. Responsible for planning and managing the resources assigned for the accomplishment of the task.

Cost Performance Index (CPI) – An indicator of cost performance; the ratio of the earned value (or budgeted cost of work performed (BCWP)) to the actual cost (ACWP) incurred. A ratio of greater than one indicates a favorable condition (underrun); less than one indicates an unfavorable condition (overrun).

Cost Performance Report (CPR) – A contractually required report, prepared by the contractor, containing information derived from the internal system. Provides the status of progress on the contract.

Cost/Schedule Status Report (C/SSR) – A performance measurement report established to capture information on smaller contracts.

Direct Costs – Any costs that may be identified specifically with a particular cost objective.

Earned Value – The quantification of the “worth” of the work done to date. Also known as Budgeted Cost of Work Performed (BCWP).

Estimate at Completion (EAC) – Inception to Date actuals plus an objective estimate of costs for the remaining authorized work.

Estimate to Complete (ETC) – The estimated cost of completing the remaining authorized work.

Inception to Date (ITD) – The time from the beginning of an activity through a specified date.

Indirect Costs – Costs which, because of their incurrence for common or joint objectives, are not readily subject to treatment as direct costs. This term is further defined in FAR 31.203.

Latest Revised Estimate (LRE) – The Control Account Manager’s estimate of cost at completion by element of cost for a given control account, as approved by the Project Manager. While an LRE is an informal estimate, it is substantiated with supporting rationale.

Level of Effort (LOE) – Effort of a general or supportive nature that does not produce definite end products.

Management Reserve – Program funds reserved for use on unknown or unforeseen problem tasks as identified by the Project Manager. Not included in the Performance Measurement Baseline.

Organizational Breakdown Structure (OBS) – A functionally oriented division of the contractor's organization established to perform the work on a specific contract.

Performance Measurement Baseline (PMB) – Time-phased budget plan against which contract performance is measured. Comprised of time-phased control account budgets, undistributed budgets, and indirect budgets. Management reserve is not a part of the PMB.

Planned Value – The sum of the budgets for all planned work. Also known as Budgeted Cost of Work Scheduled (BCWS).

Planning Package – A future segment of work within a control account that is not yet broken down into work packages. Has a firm budget, estimated start and complete dates, and statement of work.

Responsibility Assignment Matrix (RAM) – A depiction of the relationship between the CWBS elements and the organizations assigned responsibility for ensuring their accomplishment.

Total Allocated Budget (TAB) – The sum of all budgets allocated to the contract. Must reconcile to the CBB.

Undistributed Budget – Assigned to contractual effort that is known to exist but has not yet been formally planned in a control account; a temporary account to be used until formal planning is completed.

Variance at Completion (VAC) – The arithmetic difference between the BAC and the EAC.

Work Authorization Document (WAD) – The document that assigns responsibility and authority for a defined task within a specified schedule, budget, and statement of work.

Work Breakdown Structure (WBS) – A product-oriented family tree division of hardware, software, services, and other work tasks, which organizes, defines, and graphically displays the product to be produced as well as the work to be accomplished to achieve the specified product.

Work Package (WP) – A discrete segment of work below the control account level that is defined by a description or brief work statement, start and complete dates, completion milestone, work-in-process measure, and time-phased budget expressed in direct labor (hours or dollars) or material, ODC, or subcontract dollars. Its duration is a relatively short span of time (normally, but not limited to, six months or less).

Appendix A: FAR Modifications on EVMS

The following is from “FAR Case 2004-019, Federal Acquisition Regulation Earned Value Management System (EVMS),” *Federal Register*, Vol. 70, No. 67, April 8, 2005.

34.X03 Solicitation provisions and contract clause

(a) The contracting officer shall insert a provision that is substantially the same as the provision at 52.234-X1, Notice of Earned Value Management System, in solicitations for contracts that require the contractor to use an earned value management system (EVMS) and for which the Government may require an Integrated Baseline Review (IBR) after contract award. When an offeror is required to provide an EVMS plan as part of its proposal, the contracting officer shall forward a copy of the plan to the cognizant Administrative Contracting Officer (ACO) or responsible Federal department or agency and obtain their assistance in determining the adequacy of the proposed EVMS plan.

(b) The contracting officer shall insert a provision that is substantially the same as the provision at 52.234-X2, Notice of Earned Value Management System-Pre-Award IBR, in solicitations for contracts that require the contractor to use an EVMS and for which the Government will require an IBR prior to contract award. When an offeror is required to provide an EVMS plan as part of its proposal, the contracting officer shall forward a copy of the plan to the cognizant ACO or responsible Federal department or agency and obtain their assistance in determining the adequacy of the proposed EVMS plan.

(c) The contracting officer shall insert a clause that is substantially the same as the clause at 52.234-X3, Earned Value Management System, in solicitations and contracts that require a contractor to use an earned value management system (EVMS).

PART 52--SOLICITATION PROVISIONS AND CONTRACT CLAUSES

8. Add sections 52.234-X1, 52.234-X2, and 52.234-X3 to read as follows:

52.234-X1 Notice of Earned Value Management System

As prescribed in 34.X03(a) use the following provision:

Notice of Earned Value Management System (Date)

(a) The offeror shall provide documentation that the cognizant Administrative Contracting Officer (ACO) or a Federal department or agency has recognized that the proposed earned value management system (EVMS) complies with the EVMS guidelines in ANSI/EIA Standard-748 (current version at time of solicitation).

(b) If the offeror proposes to use a system that does not meet the requirements of paragraph (a) of this provision, the offeror shall submit a comprehensive plan for compliance with the EVMS guidelines.

(1) The plan shall

(i) Describe the EVMS the offeror intends to use in performance of the contracts;

(ii) Distinguish between the offeror's existing management system and modifications proposed to meet the guidelines;

(iii) Describe the management system and its application in terms of the EVMS guidelines;

(iv) Describe the proposed procedure for administration of the guidelines, as applied to subcontractors; and

(v) Provide documentation describing the process and results of any third-party or self-evaluation of the system's compliance with the EVMS guidelines.

(2) The offeror shall provide information and assistance as required by the Contracting Officer to support review of the plan.

(3) The Government will review the offeror's plan for EVMS before contract award.

(c) Offerors shall identify the major subcontractors, or major subcontracted effort if major subcontractors have not been selected, planned for application of the guidelines. The prime Contractor and the Government shall agree to subcontractors selected for application of the EVMS guidelines.

(End of provision)

52.234-X2 Notice of Earned Value Management System--Pre-Award IBR

As prescribed in 34.X03(b), use the following provision:

Notice of Earned Value Management System, Pre-Award IBR (Date)

(a) The offeror shall provide documentation that the cognizant Administrative Contracting Officer (ACO) or a Federal department or agency has recognized that the proposed earned value management system (EVMS) complies with the EVMS guidelines in ANSI/EIA Standard-748 (current version at time of solicitation).

(b) If the offeror proposes to use a system that does not meet the requirements of paragraph (a) of this provision, the offeror shall submit a comprehensive plan for compliance with the EVMS guidelines.

(1) The plan shall

(i) Describe the EVMS the offeror intends to use in performance of the contracts;

(ii) Distinguish between the offeror's existing management system and modifications proposed to meet the guidelines;

(iii) Describe the management system and its application in terms of the EVMS guidelines;

(iv) Describe the proposed procedure for administration of the guidelines, as applied to subcontractors; and

(v) Provide documentation describing the process and results of any third-party or self-evaluation of the system's compliance with the EVMS guidelines.

(2) The offeror shall provide information and assistance as required by the Contracting Officer to support review of the plan.

(3) The Government will review and approve the offeror's plan for EVMS before contract award.

(c) Offerors shall identify the major subcontractors, or major subcontracted effort if major subcontractors have not been selected subject to the guidelines. The prime Contractor and the Government shall agree to subcontractors selected for application of the EVMS guidelines.

(d) The Government will conduct an Integrated Baseline Review (IBR), as designated by the agency, prior to contract award. The objective of the IBR is for the Government and the Contractor to jointly assess technical areas, such as the Contractor's planning, to ensure complete coverage of the contract requirements, logical scheduling of the work activities, adequate resources, methodologies for earned value (budgeted cost for work performed (BCWP)), and identification of inherent risks.
(End of provision)

52.234-X3 Earned Value Management System

As prescribed in 34.X03(c), insert the following clause:

Earned Value Management System (Date)

(a) In the performance of this contract the Contractor shall use an earned value management system (EVMS) to manage the contract that at the time of contract award has been recognized by the cognizant Administrative Contracting Officer (ACO) or a Federal department or agency as compliant with the guidelines in ANSI/EIA Standard-

748 (current version at time of award) and the Contractor will submit reports in accordance with the requirements of this contract.

(b) If, at the time of award, the Contractor's EVMS has not been recognized by the cognizant ACO or a Federal department or agency as complying with EVMS guidelines (or the Contractor does not have an existing cost/schedule control system that is [[Page 17949]] compliant with the guidelines in ANSI/EIA Standard-748 (current version at time of award)), the Contractor shall apply the system to the contract and shall be prepared to demonstrate to the ACO that the EVMS complies with the EVMS guidelines referenced in paragraph (a) of this clause.

(c) Agencies may conduct Integrated Baseline Reviews (IBR). If a pre-award IBR has not been conducted, such a review shall be scheduled as early as practicable after contract award, but not later than 180 days after award. The Contracting Officer may also require an IBR at (1) exercise of significant options or (2) incorporation of major modifications. Such reviews will normally be scheduled before award of the contract action.

(d) Unless a waiver is granted by the ACO or Federal department or agency, Contractor proposed EVMS changes require approval of the ACO or Federal department or agency, prior to implementation. The ACO or Federal department or agency, shall advise the Contractor of the acceptability of such changes within 30 calendar days after receipt of the notice of proposed changes from the Contractor. If the advance approval requirements are waived by the ACO or Federal department or agency, the Contractor shall disclose EVMS changes to the ACO or Federal department or agency at least 14 calendar days prior to the effective date of implementation.

(e) The Contractor agrees to provide access to all pertinent records and data requested by the Contracting Officer or a duly authorized representative. Access is to permit Government surveillance to ensure that the EVMS conforms, and continues to conform, with the performance criteria referenced in paragraph (a) of this clause.

(f) The Contractor shall require the subcontractors specified below to comply with the requirements of this clause: [Insert list of applicable subcontractors.]

(End of clause)

[FR Doc. 05-6864 Filed 4-7-05; 8:45 am]

Attachment 1 SBA EVMS Tool

Attachment 2 Earned Value Management Tool Usage

Attachment 3 IT Investment Performance Variance Form