



DEC 28 2005

GSA Acquisition Letter V-05-01  
Supplement 1

MEMORANDUM FOR ALL GSA CONTRACTING ACTIVITIES

FROM:

ROGER D. WALDRON  
ACTING DEPUTY CHIEF ACQUISITION OFFICER  
OFFICE OF THE CHIEF ACQUISITION OFFICER

SUBJECT:

Implementation of Earned Value Management System  
(EVMS) Policy in GSA, Supplement 1

1. Purpose. This Acquisition Letter provides supplemental information to Contracting Officers and Program Managers for incorporating an Earned Value Management System (EVMS) in GSA contracts. Its purpose is to clarify information that should be coordinated with Program Managers.

2. Background. GSA Acquisition Letter V-05-01 was issued on August 19, 2005. This is Supplement 1 to that GSA Acquisition Letter.

3. Effective Date. Effective 30 days after issuance.

4. Termination Date. One year from the date of issuance or until incorporated into the General Services Administration Acquisition Manual (GSAM), whichever is sooner.

5. Policy.

Contracting officers should work with Program Managers to determine those contracts for which EVMS will apply. All major acquisitions should have a complete and approved acquisition plan, a performance based statement of work, and a performance based management system. To accomplish these goals, the Contracting Officer should coordinate with Program Managers to ensure that the following requirements are met:

(a) Adequate budget authority is provided for the conduct of the EVMS review, if required, and the Integrated Baseline Review (IBR);

(b) EVMS requirements are addressed appropriately in the Statement of Work and Contract Deliverables; and

(c) The Acquisition Plan for the contract addresses EVMS requirements and their impact, if any, on the source selection decision.

6. Procedures.

(a) Acquisition Planning. The Acquisition Plan must include a discussion of how the contractor's EVMS will be verified for compliance with the ANSI/EIA Standard and how an Integrated Baseline Review will be conducted. In addition, the Acquisition Plan must address the methodology the program will employ to analyze and use the earned value data provided by contractors' EVM systems to assess and monitor contract performance. The Acquisition Plan must address plans for the review and evaluation of an offeror's proposed EVMS in the event that one or more offerors does not already have an approved EVMS in operation.

(b) EVM Reporting. Contractors are required to submit EVM reports on a monthly basis. These reporting requirements shall be included as contract data deliverables.

(c) EVM in the Statement of Work. EVM requirements must be addressed in the Statement of Work using language similar to the language at paragraph 3 of the Attachment.

(d) EVM in Source Evaluation. If the quality or approval status of an offeror's EVMS will be considered in any way during source selection, then that information must be included in the Acquisition Plan (see above), and that consideration must be specifically included in the solicitation evaluation factors and disclosed to potential offerors.



## Attachment

### Earned Value Requirements Package

When a proposed acquisition meets the EVM applicability criteria in section 5 of GSA Acquisition Letter V-05-01, dated August 19, 2005, or, when in coordination with the Project Managers, EVM is determined to be applicable to the instant contract, the Earned Value requirements package must address the following issues:

1. Contract Work Breakdown Structure (CWBS): A preliminary CWBS is prepared by the program manager and included in the solicitation. The program manager ensures that the CWBS is consistent and compatible with the Program Work Breakdown Structure (WBS). The CWBS should not specify an excessive number of lower-level elements because it may impinge on the contractor's normal method of operations or result in excessive reporting. When determining the appropriate reporting level, the program manager should extend the CWBS only to the level that allows visibility into those high-cost, high-risk, or specific areas critical to the success of the program. The statement of work (SOW) should require the contractor to extend the CWBS to meaningful management or product-oriented lower levels that reflect the way it does business and to prepare and deliver a CWBS Index and Dictionary. The contractor should have complete flexibility in extending the CWBS to capture all high-cost and high-risk elements. The reporting of progress, performance, and engineering evaluations, as well as financial data and variance analysis, is based on the CWBS. However, any extension proposed by the contractor needs to be traceable directly to the CWBS prepared by the program manager, unless both have agreed to an alternative.
2. Performance Schedule: To ensure the management control system is integrated, the program manager defines requirements in the Statement of Work for a schedule showing the sequence of events and the critical path for program milestones or deliverables. Offerors will be required to use this schedule in preparing their proposals, and the performance schedule will ultimately result in an Integrated Master Schedule after completion of the IBR.
3. Statement of Work (SOW) requirement for EVMS: The requirement for an EVMS must be included in the SOW. The SOW should require the contractor to use appropriately tailored value information as the basis for preparing the monthly EVM reports and to integrate and present cost, schedule, and technical performance information with risk-management reporting at regularly scheduled program status reviews. Examples of SOW language for EVMS, CWBS, and performance schedule are as follows; these examples should be modified to fit particular program requirements.



*Earned Value Management System (EVMS)*

The Contractor must utilize an EVMS for planning, controlling, and integrating project scope, schedule, and resources. The Contractor must provide documentation that its EVMS is compliant with the standard. If the Contractor proposes to use an EVMS or similar system that is not compliant, the Contractor must submit with its proposal a comprehensive plan to develop and implement a compliant EVMS.

*Contract Work Breakdown Structure (CWBS)*

The Contractor must extend the CWBS specified in the solicitation to a level sufficient to identify all high-cost or high-risk elements and any elements of special interest to management. If the Contractor develops a new CWBS, the Contractor must ensure the CWBS is reconcilable with the Program WBS (i.e., information can be summarized directly from the contractor's CWBS extension to the Program WBS). The CWBS must be extended to the necessary level of detail to support development of a logical and efficient sequence of tasks designed to accomplish the effort described in the Contract.

*Performance Schedule*

The Contractor must establish a performance schedule that describes the sequence of events needed to accomplish the requirements of this contract and that reflects CWBS elements. The Contractor must ensure the performance schedule portrays an integrated schedule plan to meet the milestones and delivery requirements of this contract. The performance schedule must identify the program's critical path. The performance schedule is to be constructed using a software tool compatible with standard scheduling software. The Contractor must submit the performance schedule at the post-award conference and an updated version monthly in program status reviews.