5 FAM 680
EARNED VALUE MANAGEMENT PROGRAM

(CT:IM-92;   08-01-2007)
(Office of Origin: IRM/BPC/PRG)

5 FAM 681 GENERAL POLICIES

(CT:IM-76;   05-31-2006)

a. Earned Value Management (EVM) is a project control methodology that is used to measure and communicate the real physical progress of a project, taking into account the work completed, the time taken, and the costs incurred to complete the work. As required by Office of Management and Budget (OMB) Circular A-11 Part 7, the Department will use EVM to monitor its investment's costs, schedule, and performance goals.

b. OMB mandates that all Department organizations and contractors use EVM for managing all major information technology (IT) projects.

c. All Department IT project managers that submit Exhibit 300's must report the investment's progress against the baseline, as well as cost, schedule, and performance variance using EVM.

d. All IT project managers must comply with the procedures for EVM that are incorporated into the Capital Planning and Investment Control Program (CPIC) Guide (see 5 FAM 684).

e. IT project managers should incorporate accomplishment of information security metrics as milestones into their project plans so progress can be measured through EVM analysis.

5 FAM 682 SCOPE AND AUTHORITY

(CT:IM-76;   05-31-2006)

a. This policy applies to IT project managers in Department of State entities as the official policy for EVM.

b. OMB mandates that all agencies must avoid costly failures by using a project management discipline known an EVM.

c. The legislative authorities for this policy are provided in 5 FAM 612.

5 FAM 684 DEFINITIONS

(CT:IM-76;   05-31-2006)

ANSI/EIA 748 - Established by the American National Standards Institute and the Electronic Industries Association, this American National Standard for Earned Value Management (EVM) prescribes 32 processes that require:

    (1)   Integration of program scope, schedule, and cost objectives;

    (2)   Establishment of a baseline plan for accomplishment of program objectives; and

    (3)   Use of EVM techniques for performance measurement during the execution of a project.

Capital Planning and Investment Control Program (CPIC) Guide - The CPIC Guide documents the processes the Department uses to formulate, justify, manage, and maintain its portfolio of IT investments. The CPIC process described in the Guide ensures that information technology investments integrate strategic planning, budgeting, procurement, and project management to support the Department's mission and business needs.

Development/Modernization/Enhancement (DME) Contract - A contract that provides for the development, modernization or enhancement of a new or existing information technology system.

Earned Value Management (EVM) - A project management methodology that effectively integrates a project's scope of work with cost and schedule elements to enable optimum project planning and control.

Steady State Project - A project which has delivered an operational system that is now performing its mission.

5 FAM 685 WHAT ARE THE ROLES AND RESPONSIBILITIES FOR EARNED VALUE MANAGEMENT (EVM)?

(CT:IM-76;   05-31-2006)

The following have major responsibilities for ensuring earned value.

5 FAM 685.1 Chief Information Officer (IRM/CIO)

(CT:IM-76;   05-31-2006)

The Chief Information Officer (CIO) is responsible for implementing an EVM Program within the Department in accordance with directions received from

the OMB.

5 FAM 685.2 Director, Enterprise Architecture and Planning (IRM/BPC/EAP)

(CT:IM-76;   05-31-2006)

The Director, Enterprise Architecture and Planning is responsible for developing EVM procedures for the Department and for monitoring project manager adherence to those procedures. This is accomplished by incorporating EVM procedures into the Capital Planning and Investment Control Program (CPIC) Guide and by updating them as required based on best practices and direction from the OMB. In addition, the Director will establish and maintain programs to:

    (1)   Monitor the implementation of EVM processes by IT projects within the Department;

    (2)   Conduct Integrated Baseline Reviews for all new IT Development/ Modernization/Enhancement (DME) contracts;

    (3)   Conduct reviews of contractor Earned Value Management Systems (EVMS) to determine their compliance with the American National Standards Institute/Electronic Industries Alliance Standard for EVMS (hereafter referred to as ANSI/EIA 748); and

    (4)   Conduct Operational Analyses of Steady State Projects.

5 FAM 685.3 Bureaus

(CT:IM-76;   05-31-2006)

Department bureaus and offices are responsible for implementing and administering the EVM policies contained in this FAM and related procedures in the CPIC Guide for their information technology projects. Specifically, as new DME contracts are established and existing DME contracts are modified, IT project managers will work in partnership with the Office of Enterprise Architecture and Planning, and the Office of the Procurement Executive to ensure the DME contracts supporting their projects meet the parameters established in the CPIC Guide utilize an EVMS that is fully compliant with the ANSI/EIA 748 standard.

5 FAM 685.4 Contract Requirements

(CT:IM-76;   05-31-2006)

The CPIC Guide identifies the characteristics of contracts that will require an EVMS compliant with ANSI/EIA 748. For such contracts, when a solicitation is being prepared, IRM/BPC/EAP and the office initiating the solicitation will

advise the procuring office, generally A/LM/AQM, of the EVM status when the approve procurement request is sent. The procuring office will ensure that all appropriate Federal Acquisition Regulation (FAR) provisions are contained in the solicitation and subsequent contract documents. IRM/BPC/EAP may request the procuring office to modify existing contracts as well.

5 FAM 686 WHY MUST EARNED VALUE MANAGEMENT (EVM) BE USED?

(CT:IM-76;   05-31-2006)

a. Earned Value Management (EVM) is a project control methodology that objectively and succinctly identifies how well a project is performing, and provides forecasts as to how it will finish. EVM is used to measure and communicate the real physical progress of a project, taking into account the work completed, the time taken, and the costs incurred to complete the work.

b. EVM plays a critical role in answering key project management questions such as:

   (1)   Is the project ahead of or behind schedule?

   (2)   Is the project under or over budget?

   (3)   What is the entire project likely to cost given project performance to date?

c. This policy does not include a description of EVM concepts, evidence of compliance, or specific guidelines for the application of EVM at the project level. That information is documented in the CPIC Guide.

5 FAM 687 THROUGH 689 UNASSIGNED