

DFARS Procedures, Guidance, and Information

PGI 234—Major System Acquisition

(Revised May 18, 2011)

PGI 234.2—EARNED VALUE MANAGEMENT SYSTEM

PGI 234.201 Policy.

(1)(iii) When the program manager decides to implement earned value management on contracts and subcontracts valued at less than \$20,000,000, a cost-benefit analysis shall be conducted and the results documented in the contract file. Considerations for determining the effectiveness of applying earned value management in these situations and guidance for tailoring reporting can be found in—

(1) The Defense Acquisition Guidebook, Chapter 11, Section 11.3, at <https://akss.dau.mil/dag/DoD5000.asp?view=document>; and

(2) The DoD Earned Value Management Implementation Guide at <https://acc.dau.mil/CommunityBrowser.aspx?id=19557>.

(iv) In extraordinary cases where cost/schedule visibility is required and cannot be obtained using other means, the program manager shall request a waiver for individual contracts from the Milestone Decision Authority. In these cases, the program manager will conduct a business case analysis that includes rationale as to why a cost or fixed-price incentive contract was not an appropriate contracting vehicle. Considerations for determining the effectiveness of applying earned value management in these situations and guidance for tailoring reporting can be found in—

(1) The Defense Acquisition Guidebook, Chapter 11, Section 11.3, at <https://akss.dau.mil/dag/DoD5000.asp?view=document>; and

(2) The DoD Earned Value Management Implementation Guide at <https://acc.dau.mil/CommunityBrowser.aspx?id=19557>.

(2) The procuring contracting officer shall obtain the assistance of the administrative contracting officer in determining the adequacy of an earned value management system (EVMS) plan that an offeror proposes for compliance with ANSI/EIA-748, under the provision at DFARS 252.234-7001, Notice of Earned Value Management System. The Government will review and approve the offeror's EVMS plan before contract award. Instructions for performing EVMS plan reviews can be found at <http://guidebook.dcms.mil/39/instructions.htm>.

(4) Additional guidance on earned value management can be found in—

(A) The Guidebook for Earned Value Management System (EVMS) System-Level Surveillance at <http://guidebook.dcms.mil/79/instructions.htm>;

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(B) The Guidebook for Earned Value Management System - Program Analysis at http://guidebook.dema.mil/248/guidebook_process.htm; and

(C) The Program Managers' Guide to the Integrated Baseline Review Process (the IBR Guide) at <http://www.acq.osd.mil/pm/currentpolicy/currentpolicy.html>.

(7) *Disposition of findings.*

(ii) *Initial determination.*

(B)(1) Within 10 days of receiving the report, if the contracting officer makes a determination that there is a significant deficiency, the contracting officer should provide an initial determination of deficiencies and a copy of the report to the contractor and require the contractor to submit a written response.

(3) *Evaluation of contractor's response.* Within 30 days of receiving the contractor's response, the contracting officer, in consultation with the auditor or cognizant functional specialist, should evaluate the contractor's response and make a final determination.

(iii) *Final determination.*

(B)(1) *Monitoring contractor's corrective action.* The contracting officer and cognizant functional specialist or auditor shall monitor the contractor's progress in correcting deficiencies. If the contractor fails to make adequate progress, the contracting officer shall take whatever action is necessary to ensure that the contractor corrects the deficiencies. Examples of actions the contracting officer can take are: bringing the issue to the attention of higher level management, implementing or increasing the withholding in accordance with [252.242-7005](#), Contractor Business Systems.

(2) *Correction of significant deficiencies.*

(i) When the contractor notifies the contracting officer that the contractor has corrected the significant deficiencies, the contracting officer shall request the cognizant functional specialist or auditor to review the correction to determine if the deficiencies have been resolved.

(ii) The contracting officer shall determine if the contractor has corrected the deficiencies.

(iii) If the contracting officer determines the contractor has corrected the deficiencies, the contracting officer's notification shall be sent to the cognizant functional specialist; auditor; payment office; appropriate action officers at the requiring activities; and each contracting and contract administration office having substantial business with the

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contractor as applicable.