4.16 Earned Value Management Revised 7/2016
4.16.1 Program EVM Requirements Revised 7/2016
4.16.2 Contractor EVM Requirements Revised 7/2016
4.16.3 Contractor Management Control System Certification Revised 2/2015

4.16 Earned Value Management Revised 7/2016

Organizations responsible for FAA capital investment programs that involve development must comply with federal regulations as required by OMB Circular A-11 and other relevant OMB Memoranda regarding earned value management (EVM) as it applies to both government and contractor development efforts regardless of contract type. The FAA uses EVM to manage development activities by providing timely, accurate, and integrated cost, schedule, and technical performance information.

EVM requirements are documented in the EVM Determination for each program by the EVM Focal Point prior to a Joint Resources Council (JRC) Investment Analysis Readiness Decision (IARD), Initial Investment Decision (IID), Final Investment Decision (FID) or Baseline Change Decision (BCD). However, the JRC may designate any program for the implementation of EVM at the program level or to any type of development contract based on an assessment of cost, schedule, and technical risk of each effort.

4.16.1 Program EVM Requirements Revised 7/2016

All FAA programs identified as major programs for reporting to OMB must establish a program management and control system using the principles of an EVMS in Electronic Industries Alliance (EIA)-748. EVM data is extracted from the management and control system and reported to DOT for submission to OMB on a monthly basis. The program EVM system must be consistent with the program management and control strategy in the JRC approved implementation strategy and planning document. The program must create the necessary program management information, including the Program level Performance Measurement Baseline (PMB) and supporting documentation for its program integrated baseline review (IBR). The program will facilitate the conduct of the IBR which will be overseen by an FAA team of subject matter experts formed and led by the EVM Focal Point as part of the oversight role.

The EVM Focal Point conducts program level surveillance on all major programs.

4.16.2 Contractor EVM Requirements Revised 7/2016

Implementation of EVM on development contract efforts is based on an assessment of cost, schedule, and technical performance risk of each contract. Implementation must be consistent with the program and contract management strategy in the implementation strategy and planning document.

Contractors are required to apply earned value management to development contracts over $50 million and use a certified/validated EVM system (EVMS) for reporting. For development contracts between $20 and $50 million, the contractor management control system must comply with the EIA-748 guidelines as tailored by the program manager, contracting officer, and EVM Focal Point but a certification/validation of the contractor EVM system is not required.

The JRC may designate the application of earned value management to any development contract based on an assessment of cost, schedule, and technical risk of each contract. The contractor must

provide an Integrated Program Management Report (IPMR) and participate in government led integrated baseline reviews.

The EVM Focal Point conducts contractor EVMS surveillance.

4.16.3 Contractor Management Control System Certification Revised 2/2015

The contracting officer assisted by the EVM Focal Point validates the contractor management control system as meeting contract management control requirements. The EVM Focal Point assesses contractor implementation of its management control system and monitors application to ensure compliance. Contractors not in compliance with the EVM requirements of a contract are subject to payment withholding in accordance with AMS clause 1.13-7 "Earned Value Management System – Withholding of Payment". The EVM Focal Point determines whether a contractor requires an EVM system certification review or whether an existing certification is acceptable. The EVM Focal Point establishes agreements with other government agencies to recognize contractor EVM certifications and surveillance reports.