Assistant Secretary of the Navy
For Research, Development, and Acquisition

CHARTER

Center for Earned Value Management (CEVM)

Background and Purpose

The Navy's acquisition programs have a long and well-documented history of often exceeding budgeted cost and schedule. Earned Value Management (EVM) is the primary means by which Navy program managers and the Navy leadership can assess an acquisition program's cost, schedule, and technical progress. However, according to many independent studies and several audits conducted by the Naval Audit Service, the use of earned value data to actually manage a program's cost, schedule, and technical risk is rare. There are numerous reasons cited for Navy program managers and the Navy leadership's reluctance to use EVM as a program management tool. Specifically cited is the need for clear EVM policy guidance and consistent policy enforcement, an adequate oversight and support structure for program offices, and increased education and training opportunities for those individuals with EVM responsibilities.

Not only is the use of accurate and timely earned value data necessary to effectively manage a large acquisition program; equally important are other management and business practices that together enable the effective execution of an acquisition program. Examples of such practices are program/contract analysis, government and contractor accountability, contract/project performance measurement, independent estimating, risk assessment and management, and portfolio management. Only when all of these components are consistently implemented and monitored can the Navy be assured its programs are being properly managed and executed.

The creation of a Center for Earned Value Management (CEVM) in the Navy is intended to address these issues, ensuring the Navy gains full benefit from using EVM and other accepted business practices for effective program management. The overall goal of creating a Center for Earned Value Management in the Navy is to implement EVM and the practices cited above more *effectively* and more *consistently* across all Navy acquisition programs—ACAT I-IV—that meet or exceed application thresholds. In turn, this will provide insight into, and early warning of, potential problem areas so that timely corrective action can be taken.

Specific Functions and Responsibilities

The CEVM will function as the Navy's central point of contact and authority for all matters concerning implementation of EVM on Navy acquisition programs. It will represent the Navy's position on EVM issues at the OSD level and with industry groups. The Navy recognizes the role and responsibility of DCMA to conduct contractor EVMS surveillance and certifications and the CEVM will support and work with DCMA in fulfilling this responsibility. The CEVM will abide by the OSD Memorandum that delineates the specific roles and responsibilities for all organizations with an EVM function.

The CEVM will be tasked with the following specific functions and responsibilities:

1. Acquisition Planning

    a) Establish policy and regulations to ensure the applicable Defense Federal Acquisition Regulations Supplement (DFARS) and Contract Data Requirements List (CDRL) clauses are appropriately applied to contracting documents.
    b) Establish policy to incentivize contractors to implement good EVM practices.
    c) Provide technical assistance as requested during the planning process.

2. Program Support

    a) Working with the program offices, improve the reporting latency and the accuracy of EVM data.
    b) Analyze the performance of all ACAT I-IV programs with EVM reporting requirements as requested by DASN (M&B).
    c) Provide independent technical and program management assistance to Navy program managers when requested.

3. Oversight

    a) Responsible for working with DCMA to coordinate and participate in system reviews for Navy acquisition programs as requested by DASN (M&B).
    b) Responsible for coordinating and participating in program baseline reviews for Navy acquisition programs as requested by DASN (M&B).
    c) Upon request, assist in a pre-Integrated Baseline Review (IBR) system and process check-up; provide an independent assessment and report of the pre-IBR; and adjudicate the pre-IBR's findings.
    d) As requested by ASN (RD&A), work with the respective DASNs to ensure program reviews are conducted quarterly on all Navy ACAT I-IV programs with EVM requirements.

e) Work with DCMA to ensure all contractor EVMS are compliant with the ANSI standards.

4. Training

a) Determine where training needs exist and provide a plan for meeting those needs.
b) Set minimum training standards for all key personnel with EVM responsibilities.
c) Working with the Defense Acquisition College, develop and maintain a course containing EVM Best Practices that describes the most recent thinking on how to best implement EVM, conduct surveillance, conduct a pre-IBR, and perform analysis.
d) Create and maintain a mobile training team and ensure it provides the opportunity for every program's key personnel who perform EVM to train together on an annual basis.

Composition

The CEVM will be staffed by a small group who will perform the organization's core operations. Initially, the group will consist of the following five full-time positions:

- Director: GS-15
- Four Division Heads: GS-14/15
    - Integrated Baseline Reviews/Management Systems Assessments
    - Scheduling
    - Analysis
    - Training

This group is responsible for locating, interviewing, and ensuring the technical competency of a sufficient number of individuals available as contractors, on-call hires, or government detailees. Some of these individuals would be available as needed to perform system assessments, pre-IBRs, IBRs, and assist in the creation and conduct of training courses.

Reporting Responsibilities

The CEVM receives direction from and reports to the DASN (M&B). The CEVM will provide the DASN (M&B) monthly performance assessments on all ACAT 1-IV programs with EVM reporting requirements.

After the CEVM has been established for one year, the director will institute performance measures to ensure the organization is making progress toward achieving its

goals. After the second year of establishment, the director will conduct annually a performance evaluation of the CEVM's activities.

While the CEVM is accountable to the DASN (M&B), it also has a program support responsibility to the Navy's program managers. In this capacity, Program Managers can request, for their internal use, that the CEVM conduct an independent assessment of their contractor's EVM system and performance. The results of this type of assessment would be provided only to the Program Manager.

Funding

Funding for the core group of the CEVM will be provided by DASN (M&B). Funding for program assessments and technical assistance that are requested by the Program Manager will be provided by that particular program office. NAVAIR, NAVSEA, and SPAWAR will be requested to provide additional individuals from their respective cost shops on an as-needed basis until adequate and sustainable funding has been established for the CEVM. Contractor support will be provided when needed as well.

Timeline

The proposed timeline for establishment of the CEVM is 1 March 2007. During the first six months, it is expected that the CEVM will commence hiring and conduct planning. The CEVM will begin performing the functions and assuming the responsibilities stated in this Charter by 1 May 2007.