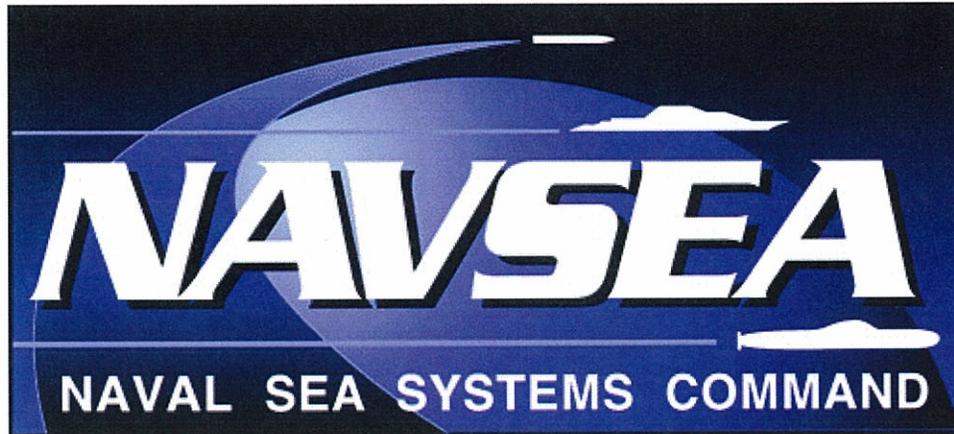


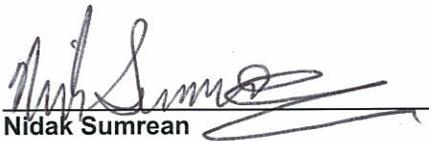
# Naval Sea Systems Command

## Supervisor of Shipbuilding



## EVMS STANDARD SURVEILLANCE OPERATING PROCEDURE

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**REFERENCES**

- a) DOD 5000.02, Operation of the Defense Acquisition System, of 8 Dec 08
- b) Earned Value Management Implementation Guide (EVMIG) of Oct 06
- c) NAVSEAINST 7000.4G, Earned Value Management, of 31 Jan 05
- d) ANSI/EIA-748, Earned Value Management Systems
- e) DCMA EVMS Standard Surveillance Operating Manual of Jan 08
- f) OUSD (AT&L) Memo of 3 Jul 07, Use of Earned Value Management (EVM) in the Department of Defense
- g) DFARS 252.234-7002, Earned Value Management System
- h) DFARS 252.234-7001, Notice of Earned Value Management System
- i) OUSD (AT&L) Memorandum of 23 April, 2007, DCMA EVM Roles and Responsibilities
- j) SECNAVINST 5223.2, Department of Navy Cost Analysis, of 16 Dec 08
- k) SUPSHIP Operations Manual (SOM) Rev 2 of 27 Oct 08

**1.0 INTRODUCTION**

Earned Value Management (EVM) provides a disciplined approach to managing projects successfully through the use of an integrated system to plan and control authorized work to achieve cost, schedule, and performance objectives. Reference (a) establishes Department of Defense requirements for implementation of EVM on DOD acquisitions. Reference (b) provides uniform procedures which have been approved by Defense Contract Management Agency (DCMA) and coordinated with the Services for implementation of EVM. Reference (c) provides NAVSEA policies, procedures and responsibilities for the implementation of EVMS. System surveillance is a process to ensure a shipbuilder's EVMS continues to comply with reference (d) guidelines and adheres to their written system documentation. Effective surveillance ensures that the key elements of the processes are maintained over time and on subsequent applications. EVMS surveillance begins at contract award, continues through the compliance or validation process, and extends throughout the duration of each contract. Surveillance insures that the contractor's EVMS:

- Provides timely indications of actual or potential problems
- Maintains baseline integrity
- Provides information that depicts actual conditions and trends

- Provides comprehensive variance analysis at the appropriate levels including proposed corrective action in regard to cost, schedule technical, and other problem areas
- Discusses actions taken to mitigate risk and manage cost and schedule performance

## **1.1 GENERAL**

Earned Value Management (EVM) is one of the disciplines required for successful project management. It is the planning and controlling of authorized work to achieve cost, schedule, and technical objectives. Special emphasis is placed on efficiency and effectiveness in the execution of work through the development and operation of an EVMS. EVM helps project managers and their teams by providing visibility of management information to more effectively execute high dollar value and complex programs.

Successful project management requires well qualified and highly skilled project managers and integrated teams backed by management systems that provide timely access to reliable and accurate data on project costs, schedule, and technical performance. The underlying premise is that project managers and their teams perform best when they are well informed.

The Surveillance Operating Procedure outlines the requirements and process including required reporting for accomplishment of required system surveillance. Routine surveillance is the best way to help ensure DoD receives accurate and reliable data consistently to facilitate the decision-making process from the EVMS.

### **1.1.1 SURVEILLANCE OPERATING PROCEDURE (SOP)**

This procedure provides guidance on the development and use of Surveillance Plans. It is based on DCMA standard processes, reference (e), and has been tailored to reflect NAVSEA organizational requirements. It outlines the

surveillance process and provides detailed descriptions of the process steps to be used in developing a Surveillance Plan. Whether accomplished jointly with the shipbuilder or independently, surveillance of a shipbuilder's EVMS should follow the same process steps in order to maintain consistency. As part of completing these steps, SUPSHIP shall develop surveillance plans using a risk-based surveillance approach. Sample risk-based approaches are provided in Section 5.1. The SUPSHIP shall maintain appropriate records of system surveillance activities and provide reporting as specified in Attachment 3.

### 1.1.2 SURVEILLANCE PROCESS FLOWCHART

The Surveillance Process flowchart identifies the process that guides the surveillance team through the process steps. Each process step contains sub-process and performance tasks. The more detailed process steps described in this document are highlighted by the off-page connector icon, a pink "home plate" shape. The number inside the shape guides the reader to the place where that process step is explained. 

### 1.1.3 SURVEILLANCE PLAN

The Surveillance Plan is an agreement among participants and a high level framework that establishes expectations for EVMS surveillance. The Surveillance Plan establishes the approach, risk criteria, and schedule. Surveillance may be conducted independently or jointly with team members participating from the shipbuilder, NAVSEA headquarters, the applicable Program Management Offices (PMO), and the Defense Contract Audit Agency (DCAA), as appropriate. However, SUPSHIP is always responsible for identifying the contracts that require EVMS surveillance, although a decision to not require surveillance on a specific contract must be coordinated with NAVSEA headquarters. The surveillance team is responsible for performing surveillance regardless of shipbuilder participation. Surveillance requirements remain the same for either the independent or joint surveillance approaches.

#### **1.1.4 SURVEILLANCE PLAN TEMPLATE**

The surveillance plan template provides a pattern for the implementation of a standard surveillance process and the generation of comparable outcomes for surveillance activities across contracts and shipbuilders. The surveillance plan template includes a sample risk evaluation determination that considers the different needs and emerging schedules on a contract level.

#### **1.1.5 SURVEILLANCE REPORT**

Upon completing surveillance activities, it is the surveillance team's responsibility to produce written documentation of surveillance events and findings. The report/documentation should include the assumptions, ground rules, and methodologies employed and should consider the viewpoints of all surveillance team members. Copies of surveillance reports should be provided to NAVSEA headquarters and the applicable PMOs. SUPSHIPs should retain copies of surveillance reports and supporting documentation in accordance with the requirements of reference (c). Content, timeframe, and requirements for the documentation necessary to complete the report are in Section 11.1. A summary of EVM products, submittal requirements, and organizational roles is provided in Attachment 3.

#### **1.1.6 NATIONAL DEFENSE INDUSTRIAL ASSOCIATION INTENT GUIDE**

The National Defense Industrial Association (NDIA) EVMS Intent Guide contains the management value, intent, typical attributes, and objective evidence found in typical outputs for each of the the 32 ANSI/EIA-748 EVMS guidelines. In December 1996, these 32 guidelines were adopted by DoD as "*a new DoD 5000.2-R baseline criteria requirement*". Therefore, the 32 guidelines contained in reference (d) are considered by DCMA as regulatory in nature, and will be used to assess the contractor's process conformance.

## 2.0 PURPOSE

To ensure that the EVMS continues to produce critical and timely project information and remains compliant with the reference (d) guidelines, a surveillance process must be in place to assess the system's operation. Additionally, as the Administrative Contracting Officer (ACO) SUPSHIP has a responsibility to conduct system surveillance of the shipbuilder's EVM system to ensure continuing compliance with the ANSI/EIA-748 guidelines.

## 2.1 POLICY

In accordance with the references (b), (c) and (f), surveillance of the shipbuilder's EVMS is mandatory for all contracts that require shipbuilder EVMS compliance with the ANSI/EIA-748 EVMS guidelines, regardless of whether a formal system validation is required. Surveillance begins at contract award, continues through validation (when required), and extends through the duration of the contract. Surveillance ensures that the shipbuilder is meeting contractual terms and conditions and is in compliance with applicable policies and regulations. If changes are made to those terms and conditions, then a modification to the contract is required. Surveillance is a mandatory requirement in the Defense Federal Acquisition Regulation Supplement (DFARS) clause, 252.234-7002, reference (g)

- DoD uses DFARS in addition to FAR; a DFARS clause is substantially the same as the FAR clauses but tailors the requirement to DoD's unique needs. Current EVM DFARS clauses are:
  - Solicitation Provision: 252.234-7001 – Notice of Earned Value Management System, reference (h).
  - Contract Clause: 252.234-7002 – Earned Value Management System, reference (g).

## 2.2 RESPONSIBILITIES

To avoid the duplication of efforts, minimize costs, and increase communication SUPSHIP should strive to coordinate the government surveillance process with that of the shipbuilder. A joint surveillance process between the shipbuilder, SUPSHIP, NAVSEA headquarters, applicable Acquisition Program Offices and DCAA, as appropriate, is encouraged and, if established, should be documented as part of the surveillance plan. All of these stakeholders may be surveillance team members. The shipbuilder is not required to participate in the government surveillance process but is strongly encouraged to do so. Authority and independence, that is to say independent of the programs under review, are critical characteristics of this arrangement. The shipbuilder team members should be independent of the management chain of the programs that it is responsible for surveying. Independence ensures that findings will be objective and that systemic issues on multiple programs will be identified. The surveillance team assigned responsibility for implementing the surveillance process must also have sufficient authority to resolve surveillance process issues.

To preserve the independence of results, the following guidance is provided for joint surveillance:

- a. Either surveillance lead (SUPSHIP or shipbuilder) may unilaterally recommend that a Corrective Action Request (CAR) be issued for non-compliant findings;
- b. SUPSHIP, following its internal operating procedures, ultimately makes the final determination of non-conformance, severity, and applicability of a CAR(s); and
- c. Both surveillance leads (SUPSHIP and shipbuilder) must agree on the closure of a CAR(s).

All non-compliant findings discovered at either joint or government-only surveillance reviews are documented as CARs. Stakeholders with surveillance responsibilities are addressed in sections 2.2.1 through 2.2.5.

### **2.2.1 SUPSHIP**

In accordance with reference (f), SUPSHIP is authorized, to conduct EVMS surveillance activities and has the responsibility to coordinate with DCMA for contracts under SUPSHIP cognizance. Reference (b) requires recurring surveillance of contractor management control systems to ensure continued compliance with the requirements of reference (g). A decision to not require surveillance on a specific contract must be coordinated with the NAVSEA stakeholder's

As the Contract Management Office (CMO), also known as the Contract Administration Office (CAO), SUPSHIP is the office that is assigned to administer contractual activities at a specific contractor facility. Although reference (b), section 2.1.3.5 states that the cognizant CMO is a part of DCMA, SUPSHIPs performs the role of the CMO for contracts awarded major shipbuilders under their cognizance. As CMO, SUPSHIP is responsible for system surveillance activities in accordance with reference (f) to ensure the shipbuilder's system continues to comply with the ANSI/EIA-748 guidelines. SUPSHIP EVMS surveillance responsibilities include:

- a. Negotiating and executing an Advance Agreement (AA) or Letter of Acceptance between the Government and the shipbuilder specifying that the contractor will maintain and use the shipbuilder's accepted EVMS as an integral process on the current as well as future contracts.
- b. The SUPSHIP EVMS Surveillance Specialist is assigned overall responsibility for surveillance of the EVMS and is the SUPSHIP lead for surveillance team activities. This includes evaluation of shipbuilder proposed alterations to the system, including changes to documented processes, procedures, and instructions. The Surveillance Specialist

should work with the SUPSHIP EVM team and be cognizant of procuring activity EVMS support staff, ie. SEA05C8 and SEA04Z, who can provide assistance in resolving surveillance issues. The NAVSEA focal point and technical authority for EVM is SEA05C.

- c. Establishing a Joint Surveillance Team comprised of the contractor, SUPSHIP, NAVSEA headquarters, Program Management Office, and DCAA personnel; as appropriate , and developing a formal surveillance plan for each program/contract having an EVM requirement Active surveillance will commence upon contract award and shall be ongoing during contract performance.

SUPSHIP may refer any specific questions or concerns regarding EVMS to the NAVSEA (SEA 05C) for guidance.

### **2.2.2 DCMA EVM CENTER**

DCMA is designated as the DoD Executive Agent for EVMS, reference (I) and is responsible for the initial Validation Reviews and as necessary, Compliance Reviews. The EVM Center is responsible for ensuring the CMO has adequate processes in place to assure continued EVMS compliance.

### **2.2.3 NAVY CENTER FOR EARNED VALUE MANAGEMENT**

The Navy CEVM functions as the Navy's central point of contact and authority for implementation of EVM on Navy acquisition programs. The CEVM is responsible for working with DCMA to coordinate and participate in system reviews for Navy programs and to work with DCMA and the SUPSHIPS to ensure contractor EVMS are compliant with the ANSI standard.

#### **2.2.4 NAVSEA SUPSHIP MANAGEMENT GROUP (SEA 04Z)**

NAVSEA 04Z provides EVMS direction and oversight with regard to SUPSHIPs activities management and operations by engaging our customers and shaping our activities to address their concerns. As a provider command in the Navy Enterprise Construct, NAVSEA (SEA-04Z and SEA-05C) teams with the customer to determine and meet their cost, schedule and performance requirements through periodic Shipbuilder EVM reviews (Progress Assist Visit, Validation Reviews, Compliance Reviews, etc). NAVSEA (SEA-04Z and SEA-05C) jointly review EVMS surveillance plans and schedules for all Shipbuilder's/shipyard's in coordination with the customer and SUPSHIPs, and institutes/updates policy as needed.

#### **2.2.5 NAVSEA COST ENGINEERING AND INDUSTRIAL ANALYSIS GROUP (SEA 05C)**

The Director, Cost Engineering & Industrial Analysis (SEA 05C) is the NAVSEA technical authority for cost engineering and industrial analysis. As a part of the cost engineering technical domain, SEA05C is designated as the command focal point for Earned Value Management and all related matters. Additionally, as the cost competency lead SEA05C, and as specified in reference (j), is responsible for oversight of EVM analyses on all NAVSEA affiliated acquisition programs.

The Earned Value Management Division (SEA05C8) are the EVM subject matter experts for SEA05C and provide EVM analysis, system surveillance and EVM metrics support to NAVSEA and affiliated PEOs/PMs. SEA05C as the command focal point for EVM is responsible for providing oversight of EVM system surveillance activities and conducts periodic functional area reviews as part of the NAVSEA Performance and Compliance Inspection (NPCI) process.

### 2.2.6 PROGRAM MANAGEMENT OFFICE (PMO)

The PMO is responsible for overall management of their program including including setting program priorities. The PMO establishes and maintains communications with senior management and the Program Executive Office, as well as providing direction and guidance to the program team with regard to the development and implementation of policies, methodologies, and reporting requirements. PMO responsibilities include providing effective project planning and control, decision support tools, and executive level reporting of schedule, cost, and performance measurement.

In accordance with DoD regulations and reference (h), the PMO is held accountable for complying with the DoD EVM reporting requirements. The PMO has the following surveillance requirements in accordance with references (b) and (e):

- Working with the SUPSHIPs, establish a Memorandum of Agreement (MOA) that identifies the key individuals, specific responsibilities, priorities, reporting requirements, working relationship and defining contract and system surveillance requirements. The PMO will be responsible for updating the MOA with SUPSHIP on an annual basis.
- Keeping SUPSHIP and NAVSEA informed of actions and matters that could affect EVM system surveillance.
- Assisting in the resolution of problems cited in surveillance reports.
- Reviewing, evaluating, and analyzing performance reports and schedules and bringing issues to the attention of SUPSHIP and NAVSEA.
- Participating as members of the EVMS surveillance team (at the PMO's discretion).
- Obtaining assistance from the cognizant SUPSHIP, SEA05C, DCMA or Navy EVM Center in resolving surveillance issues

### 2.2.7 DEFENSE CONTRACT AUDIT AGENCY (DCAA)

The Defense Contract Audit Agency, under the authority, direction, and control of the Under Secretary of Defense (Comptroller), is responsible for performing all contract audits for the Department of Defense, and providing accounting and financial advisory services regarding contracts and subcontracts to all DoD Components responsible for procurement and contract administration. Because of the cost reporting requirements surrounding a compliant EVMS the accounting and financial related guidelines hold a key importance in the successful development and capabilities demonstration of the system. According to the DCAA Audit Program, Activity Code 17750, Part C-1, the accounting and financial aspects of 14 of the 32 guidelines required for a compliant system fall under the purview of DCAA. At SUPSHIP's request, and under SUPSHIP lead, the DCAA may support any or all of these during EVMS surveillance activities, as appropriate. When surveying accounting guidelines, it is helpful to solicit DCAA's help wherever practical. Therefore, close coordination between SUPSHIP and DCAA is required in the preparation of the surveillance plan schedule to ensure participation by DCAA in review of accounting guidelines.

The DCAA has the following surveillance responsibilities:

- Reviewing the shipbuilder accounting system for compliance with Disclosure Statements and contract provisions, including verification of actual costs.
- Determining the accuracy and reliability of the financial data contained in the contract cost reports.
- Reporting any significant unresolved deficiencies in the Shipbuilder's EVMS
- Coordinating the appropriate EVMS surveillance requirements into routine DCAA audit programs and procedures with the SUPSHIP.
- Advising the SUPSHIP EVMS Specialist/Analyst regarding DCAA surveys of Shipbuilder systems and other audits which may bear on EVMS acceptability or surveillance.

### **2.2.8 SHIPBUILDER**

The shipbuilder is responsible for developing and implementing an EVMS compliant with the reference (d) guidelines. The shipbuilder is also responsible for ensuring that its EVMS is implemented on a consistent basis, is used effectively on all applicable government contracts, and EVMS clauses are flowed down to subcontractors when required. This responsibility is independent of SUPSHIP's responsibility to develop and implement a surveillance process.

## **3.0 SURVEILLANCE ASSESSMENT FRAMEWORK**

Each SUPSHIP Command is required to have a formal surveillance plan. Not having a surveillance strategy or agreement in place with the shipbuilder shall not prevent SUPSHIP from accomplishing routine system surveillance. The purpose of the surveillance plan is to establish the acceptable requirements for system surveillance. Because each shipbuilder and system differs in surveillance needs, it is the responsibility of SUPSHIP, with assistance from NAVSEA, as required to tailor the surveillance plan to consider the unique aspects of each contract.

### **3.1 SURVEILLANCE DEFINITION**

EVMS surveillance consists of essentially two parts:

- Effective shipbuilder implementation and maintenance of documented processes, procedures, instructions, and use of tools in the EVMS process and techniques over time; and
- Surveillance results are documented and communicated to all stakeholders in a timely manner.

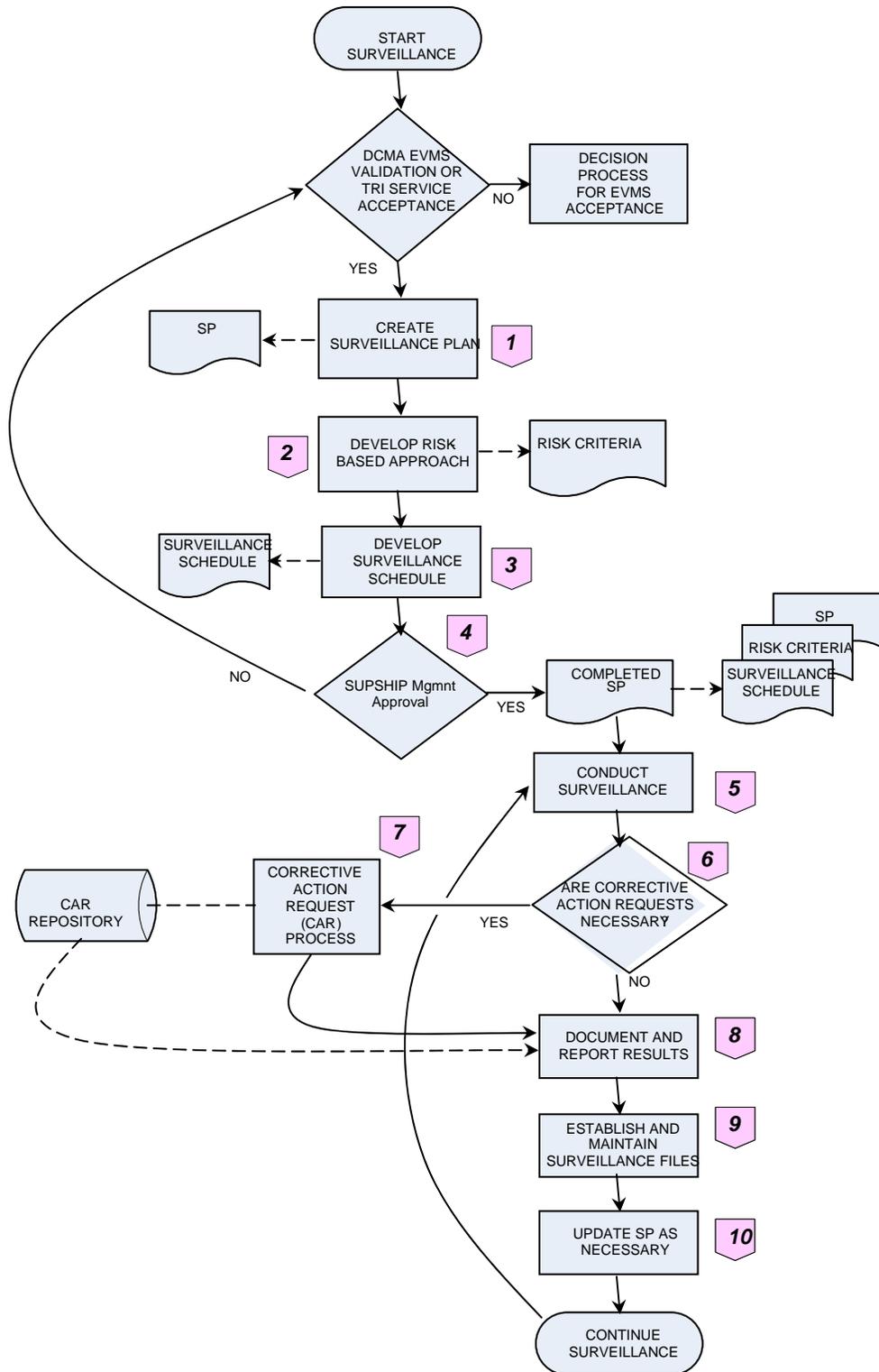


FIGURE 1. SURVEILLANCE PROCESS

#### 4.0 CREATE SURVEILLANCE PLAN (SP)



SUPSHIP as the CMO has the responsibility based on the requirements in references (b), (c), (f) and (h) for surveillance of the shipbuilder's EVMS, to ensure ongoing compliance with the reference (c) guidelines. EVMS surveillance begins at contract award, continues through the compliance or validation process, and extends throughout the duration of each contract.

#### 4.1 CONSTRUCTION OF THE SURVEILLANCE PLAN (SP)

The SP uses a risk-based determination to generate risk ratings for each of the nine processes. The scope and timeframe of the reviews are discussed in the surveillance scope and schedule section of the SP.

When developing the SP using the template (whether jointly or individually) ensures that surveillance is being performed in a uniform and consistent manner and produces repeatable results. The SP template also ensures that all aspects of surveillance are defined up front and understood for each shipbuilder. The SP template includes definitions regarding the scope of each review, schedule, expectations, inputs, results, and follow-on duties. If surveillance is to be conducted jointly, the SP template is used and identifies the joint team participants by role and name.

#### 4.2 DEFINITION OF RISK-BASED APPROACH

EVMS surveillance following a risk-based approach is performed by the surveillance team on a continuing basis where actual and perceived risks have been correlated to management processes and guidelines. The key processes include organization, scheduling, work and budget authorization, accounting, indirect management, managerial analysis, change incorporation, material management, and subcontract management. Risk-based assessments should be carried out for management processes and guidelines on a yearly basis.

The idea behind a risk-based approach is that the surveillance team focuses on the higher risk processes while reducing focus in the lower risk areas. Risk-based surveillance translates to increased time spent on processes and guidelines that have the greatest risk of unfavorably affecting system integrity. After the risk-based surveillance plan is developed and coordinated through appropriate SUPSHIP review and approval, copies should be provided to NAVSEA headquarters (SEA05C and SEA04Z), applicable Acquisition Program Offices, and DCAA.

## **5.0 DEVELOP RISK-BASED APPROACH**

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The SP is used as a framework for each shipbuilder assessed by the surveillance team. Key process and guideline risk is determined by the data and information gathered from the shipbuilder EVMS. A higher risk rating equates to more frequent surveillance activity and typically requires a more intense review of the processes. (Note: Processes and applicable guidelines are defined in the Earned Value Management Implementation Guide (EVMIG), Figure 2-1). A more intense review is defined as occurring with greater frequency, using a larger team, and reviewing data and information in greater depth for more contracts.

### **5.1 DEVELOP SURVEILLANCE RISK CRITERIA**

SUPSHIP will use a documented risk assessment methodology to identify key process and guideline risks to support development of the annual Surveillance Plan. The following paragraphs provide two sample methodologies for development and use of risk criteria.

DCMA has developed an algorithm that assigns relative weights and scales to each risk area as a means to identify and select programs/contracts for surveillance. Risk factors include: program phase; earned value management experience; total contract value; value of prime and critical subcontract work remaining; value of material remaining; value of management reserve; number of baseline resets; cost, schedule, and at completion variance percentages; critical

path float; baseline volatility; indirect costs volatility; past surveillance results; and time since last review.

Once the programs/contracts have been rated and ranked, process and guideline risk ratings can be generated that aid in identifying system risk. Although several characteristics in rating process and guideline risk are somewhat subjective, sound reasoning should be used for determining the risk level for processes and guidelines to obtain a more objective assessment of risk. The surveillance schedule should reflect the high and medium risk areas that cover high impact contracts. Those areas determined to be low risk, reflecting a low probability that a key process deficiency will adversely affect the timeliness and accuracy of data, may be reviewed less frequently using fewer resources.

When the risk-based assessment determines processes are low risk, concrete evidence should be retained by SUPSHIP demonstrating those processes and associated guidelines retain a low risk status over time. Objective evidence can be gleaned from ongoing surveillance reports showing reductions in errors, data integrity improvement, implementation of corrective actions showing improvements, and any other favorable evidence proving effective project management. Care must be taken to document and establish a baseline reference point from which future measurements will correlate back to in order to generate valid assessments.

Attachment 1, Surveillance Selection Risk Matrix, provides an example for a contract in the development phase with a contract budget base of well over \$100M being managed by a program manager with 5 1/2 years of EVM experience. The prime shipbuilder and multiple sub tier shipbuilders are responsible for 40% and 60% of the value of remaining budget respectively with more than 30% of remaining budget associated with material (non-labor) work. Management reserve makes up 10% of the remaining budget while the program/contract has been rebaselined once in the previous year and reports an

unfavorable cumulative (15%) cost variance and unfavorable (10%) schedule variance. The calculated critical path to contract completion reflects an unfavorable (15) work days float with an average of a 5% change to the baseline over the last 6 months and an indirect cost increase of 7% since contract inception. The previous joint surveillance review was conducted over a year ago which identified significant system deficiencies that continue to require resolution.

For each Risk factor, multiply Weight amount by High (3.00), Medium (2.00), or Low (1.00) and list in Score column. Then total the Score column. If Total Score is between 3.00 and 2.5, then program is rated High Risk. If Total Score is between 2.5 and 1.5, then program is rated Medium Risk. If Total Score is below 1.5, then program risk is Low.

Using this approach, the risk score for the program/contract is 2.6 out of a possible 3.0. Using the risk algorithm to determine the score for all other programs/contracts allows each to be rank-ordered to identify which should be reviewed more frequently. One or more processes are listed under each high, medium, and low risk criteria on Attachment 1. The processes serve as the program/contract selection criteria when developing the system surveillance schedule.

An alternative approach developed by SUPSHIP Groton identifies “focus areas” of the contractor’s system description as the basis for surveillance and to conduct a risk assessment. This assessment is based upon surveillance risk criteria using an algorithm that assigns relative weights to each risk area. The table below provides a sample of the risk areas, weighting and risk criteria that is used to support selection of guidelines for surveillance.

Risk Factors	Weight	High = 3	Medium = 2	Low = 1
Due for Review	0.1	>2 years	2 years ago	Previous year
Change in Process/Description	0.1	Major Change	Moderate Change	Stable Process
Previous Findings	0.2	Major findings	Minor findings	None
Trends/Past Performance	0.2	Trends worsening	Trends stable	Trends improving
Specific Interest/Concern	0.4	Highly visible	Some concern	Mundane

Using the above criteria, a Risk Management Matrix is created using the identified focus areas and the associated EVM guidelines. Many guidelines are included in more than one focus area, ensuring that each guideline be examined over a given period. The risk assessment will exercise the established algorithm to classify each focus area as high, medium, or low risk. This evaluation will determine which focus areas are highest priority to be reviewed, and which will be reviewed more or less frequently. Attachment 1 provides a sample of a risk management matrix for the guidelines and process areas using this approach.

**6.0 DEVELOP SURVEILLANCE SCHEDULE**



Once it has been determined how the surveillance will be conducted following a risk-based selection approach, a surveillance schedule is developed by the SUPSHIP and is included in the approved annual surveillance plan. Copies should be provided to NAVSEA headquarters, applicable Program Management Offices, and DCAA.

The surveillance process includes criteria for identifying each process and guidelines at risk, the approach for selecting contracts and the frequency, intensity, and schedule of reviews. Interviews with the shipbuilder PM, CAM(s), and other key team members are an essential part of ensuring continued guideline compliance. SUPSHIP, as well as the other members of the surveillance team, should continuously verify that shipbuilder management personnel are using the EVMS to identify problems, develop solutions, and implement corrective actions where necessary. Each SUPSHIP Command is required to perform EVMS surveillance and assess all 9 processes and 32 ANSI/EIA-748 EVMS guidelines annually. If resource unavailability impacts efforts to conduct EVMS surveillance, SUPSHIP should notify NAVSEA (SEA 04 & SEA 05C). Each SUPSHIP Command must determine if a monthly, bi-monthly

or quarterly surveillance review cycle is more appropriate and should coordinate this determination with the shipbuilder (if conducting joint reviews).

The intensity of the review depends on the risk level; the higher the risk, the more intense the review. For surveillance teams with multiple programs/contracts, review the high and medium risk processes for each program/contract as determined by the risk selection criteria .

The length of time needed to conduct a surveillance review varies depending on many factors. The number of days, work hours, and resource mix vary. The surveillance schedule is adjusted to fit the needs of each surveillance review.

It is important to collect all the data and reports needed to perform surveillance and to request that the right information be available when conducting surveillance. In preparation for reviews, some data may be required ahead of time.

The schedule will reflect the process(es) and guidelines to be examined during each review event, the programs/contracts involved, and the frequency of the reports. The frequency of these reports is determined by logical grouping of processes, programs/contracts, by considering the intensity of review, etc. See Attachment 2 for the annual EVMS surveillance schedule format.

## **7.0 SURVEILLANCE PLAN APPROVAL PROCESS**

 The SP (including each risk matrix and the annual EVMS surveillance schedule) should be approved at the appropriate management level within the SUPSHIP based on local procedures. Copies of the approved SP should be provided to NAVSEA (SEA05C and SEA04Z).

## 8.0 CONDUCT SURVEILLANCE

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How surveillance is performed, who performs it, who is part of the team, what tools are used, what documentation and data are required, as well as other issues, are further defined in the SP. Although joint surveillance with the shipbuilder is desirable, it is not required in order for SUPSHIP to perform its EVMS surveillance responsibilities. While the shipbuilder is ultimately responsible for the proper implementation of the EVMS, SUPSHIP as the CMO is responsible for verifying ongoing shipbuilder compliance. The absence of an AA or LOA does not relieve SUPSHIP of performing EVMS surveillance on government contracts for which EVM is required. Similarly, no formal delegation from an acquisition program office is required for SUPSHIP to perform EVMS surveillance on shipbuilders for which EVM is required.

Additionally, SUPSHIP and the surveillance team should apply healthy skepticism in the surveillance of the shipbuilder's system. This includes a critical assessment of the tools, procedures and processes, and how they are used to manage the work. Healthy skepticism should also be applied when evaluating outputs from the EVMS as exemplified through discussions with the PM, CAM, and other team members including project planning and controls staff. Discussions and findings are to be documented using the Corrective Action Request (CAR) process.

## 9.0 CORRECTIVE ACTION REQUEST (CAR) PROCESS

6

If deficiencies are found during the course of the surveillance process it is SUPSHIP's responsibility to issue a written CAR. A deficiency exists when the design or operation of a shipbuilder EVMS does not allow management or other personnel, in the normal course of performing their assigned functions, to have immediate access to reliable and accurate data and information for decision making purposes. **System discrepancies, no matter how minor, must be documented on a written CAR and address at a minimum the severity level**

**of consequences if not corrected, and appropriateness of shipbuilder corrective actions.** The timely notification, prompt receipt by the due date, and disposition of a CAR is of the utmost importance in the resolution of system issues. A flow diagram of the CAR process is provided in Figure 2.

## 9.1 ISSUING A CAR

The issuance of a CAR involves both quantitative and qualitative considerations, including:

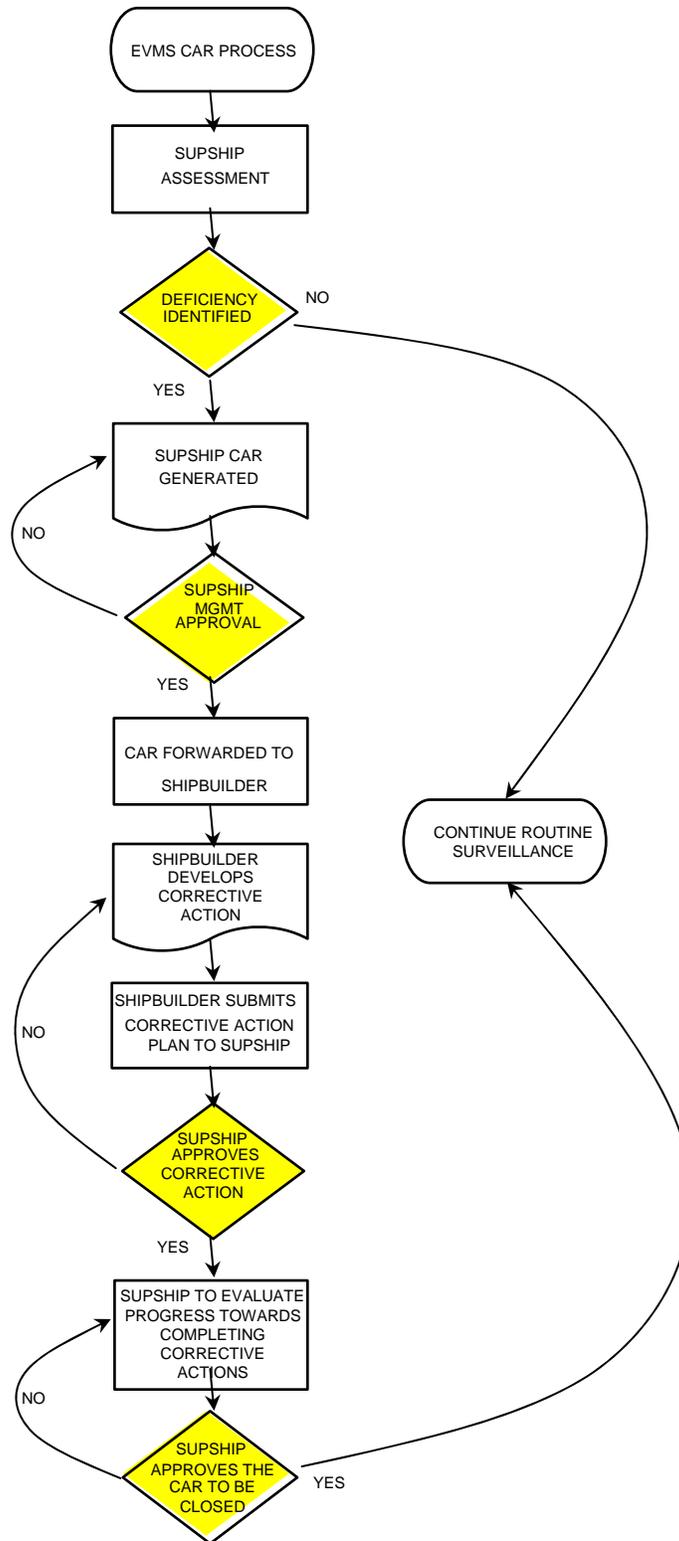
- Number of discrepancies observed;
- Associated absolute dollar value impact;
- Importance of items to the accomplishment of contract requirements; and
- Potential impact on government funding requirements.

Note: All CARs are generated, issued, and tracked through resolution and for trend analysis following the CAR Process.

## 9.2 CAR PURPOSE

The purpose of a CAR is to formally notify the shipbuilder that a documented course of action in the form of a Corrective Action Plan is needed to bring the EVMS in compliance with regulatory requirements. In some instances, SUPSHIP may decide that the gravity of the deficiency and the shipbuilder's response warrants an escalation of the issue. The shipbuilder's response to past non-compliances should weigh heavily in this decision. Escalation brings higher visibility on both the government and shipbuilder sides, bringing more focused attention to a deficiency.

The CAR can be escalated by including recent history that warrants escalation, and increasing severity level of the CAR. Following severity level procedures, by default, increases level of visibility in the distribution. The severity level of the CAR dictates who receives the CAR in the shipbuilder's organization.



**FIGURE 2. STANDARD CAR PROCESS**

### 9.3 CAR SEVERITY LEVEL

All CARs are coordinated within the surveillance team and approved by appropriate SUPSHIP management prior to issuance to the shipbuilder. All CARs will be documented and tracked. Verbal CARs are not acceptable.

- Level I CAR is issued when a contractual non-compliance requires no special management attention to correct. Level I CARs are directed to the shipbuilder working level personnel.
- Level II CAR is a request for corrective action for contractual non-compliances that are systemic in nature and/or could adversely affect cost, schedule, or performance if not corrected. A Level I CAR may be escalated to a Level II CAR as the result of Level I CARs for the same types of non-conformances, across several programs/contracts or several Control Account Managers, indicating a systemic issue. Level II CARs are directed to the shipbuilder management level responsible for the process with a copy to the responsible ACO.
- Level III CAR identifies issues where cost, schedule, technical performance, resources, or management process issues have unfavorably affected program performance and have not been corrected by the shipbuilder. A Level III CAR need not be preceded by a Level I or Level II CAR. A CAR may also become a Level III after Level I and/or Level II attempts have failed and escalation is warranted OR in the case where the situation is deemed serious enough to warrant higher level attention. Failure to meet requirements cited in a CAR may include, but is not limited to, poor or incomplete corrective action plan, poor or missing root cause analysis, irreconcilable differences between SUPSHIP and shipbuilder. The shipbuilder's failure to appropriately correct a non-compliance in a Level III CAR shall result in an escalation from Level III to Level IV.

A Level III CAR is addressed to the shipbuilder's (site specific) top tier business manager. Level III CARs may be coupled with contractual remedies such as reductions of progress payments, cost disallowances, cure notices, show cause letters, or management systems disapprovals. Level III CARs may trigger formal reviews such as post award review for cause, compliance reviews, or other system validation reviews and may result in suspension or revocation of EVMS certification. When a Level III CAR is closed, copies of the closed CAR should be sent to all those addressed and/or copied in the original CAR, as appropriate.

- Level IV CAR identifies issues where cost, schedule, technical performance, resources, or management process issues have unfavorably affected program performance across multiple programs or multiple sites; and have not been corrected by the shipbuilder. A CAR also becomes a Level IV after Level III attempts have failed and escalation is warranted. The CAR should be addressed at the shipbuilder's corporate level.

A level IV CAR is issued to advise the shipbuilder of contractual remedies such as suspension of progress payments or product acceptance activities, termination for default, and suspension or debarment, in accordance with applicable FAR/DFARS policies and procedures. Level IV CARs may trigger formal reviews such as post award review for cause, compliance reviews, or other system validation reviews and may result in suspension or revocation of EVMS certification. When a Level IV CAR is closed, copies of the closed CAR should be sent to all those addressed and/or copied in the original CAR, as appropriate.

# SURVEILLANCE OPERATING PROCEDURE

Oct 2010

1.a. CAR Record #		1.b. CAGE	1.c. Date Non-Compliance Observed	1.d. Date CAR Initiated	
		Select			
1.i. Shipbuilder's Name			1.j. Shipbuilder's Location (city / state)	1.k. Program Name	
Northrop Grumman Shipbuilding			Newport News, VA	CVN 77 and CVN 78	
1.l. Contract Number			1.m. CPR DID on contract	1.n. IMS DID on Contract	
			Select	Dated:	Select      Dated
1.o. Organizational Area		1.p. Guideline (1-32)	1.q. Level of CAR		1.r. EVM Clause # on Contract
Select		1/CAR	Select		Select
1.s. Shipbuilder EVMS System Description Revision Number and Date					
Earned Value Management (EVM) System Description - P-1071 Revision E - 01 Mar 2008					
1.t. System Description Reference (Include Attachments if Necessary)					
Section V11					
1.u. Description of Non-Compliance (Include Attachments if Necessary)					
1.v. Supervisor of Shipbuilding or Designee (Printed Name and Signature)				1.w. Date Signed	
<b>PART 2. SUPSHIP Submittal to Shipbuilder</b>					
2.a. Date Submitted to Shipbuilder			2.b. Shipbuilder Response Due Date		
<b>PART 3. Shipbuilder Response</b>					
			<b>Revision Select</b>		
3.a. Shipbuilder Response Date					
3.b. Shipbuilder Response and Corrective Action Plan (CAP)					
<b>PART 4. Disposition</b>					
4.a. <input type="checkbox"/> APPROVED <input type="checkbox"/> CONDITIONALLY APPROVED <input type="checkbox"/> DISAPPROVED					
4.b. SUPSHIP Disposition Comments					
4.c. CAP Implementation Date		4.d. SUPSHIP verified?		4.e. Verification Date	
		Select			
4.f. SUPSHIP Verification Comments					
4.g. Escalation / Disposition Options				4.h. Disposition Date	
<input type="checkbox"/> Approved/Closed		<input type="checkbox"/> Withdrawn/Cancelled			
<input type="checkbox"/> Write Further CAR Observations		<input type="checkbox"/> Escalate/Increase CAR level			
<input type="checkbox"/> Request NAVSEA /Navy CEVM assist					

#### 9.4 CAR SUBMITTAL

Within 10 working days of the non-conformance discovery and documentation (ex: review findings, discrepancy reports, routine surveillance communication), SUPSHIP will submit the CAR to the shipbuilder for review and resolution of the issue. Copies of Level III and IV CARs shall be provided to NAVSEA (SEA05C and SEA04Z). Copies of CARs should also be provided, as appropriate to applicable Acquisition Program Offices and DCAA.

All CARs should be submitted in a timely manner so as not to reduce the impact of observation of a non-conformance. The CAR should be completed, review coordinated, approved, and submitted to shipbuilder within 10 working days of originally observing the non-compliance. The following CAR Form shall be used:

SUPSHIP is responsible for:

1. Ensuring that any questions the shipbuilder has regarding the CAR are answered promptly. Questions requiring further guidance should be coordinated with NAVSEA SEA05C;
2. Follow up with the shipbuilder to ensure suspense dates are met;
3. Providing preliminary answers to corrective action plan questions from shipbuilder;
4. Maintaining a CAR tracking log with the status of each CAR and corrective action plans;
5. Keeping all interested parties, including NAVSEA headquarters (SEA04Z and SEA05C), as well as the applicable Acquisition Program Offices) and the Defense Contract Audit Agency (DCAA), informed as to the status of the CARs; and
6. Performing and maintaining a CAR trend analysis.

At a minimum, the surveillance team must track the following:

1. Date when CAR was given to shipbuilder;
2. Requested Due Date of shipbuilder's response

3. Person/Organization who initiated the CAR;
4. SUPSHIP POC for the CAR;
5. Shipbuilder's POC for the CAR;
6. Actual date of shipbuilder's response;
7. Root cause of non-compliance;
8. Date corrective action plan received;
9. Shipbuilder's corrective action;
10. Date verification performed by SUPSHIP;
11. Final CAR disposition status;
12. Final CAR disposition status date;
13. Repeat non-compliances; and
14. Date corrective action plan approved/disapproved.

At a minimum, SUPSHIP must track the following for trending purposes:

1. Number of EVMS CARs by shipbuilder;
2. Number of EVMS CARs by guideline by shipbuilder;
3. Number of days each EVMS CAR remains open, by level and shipbuilder, and
4. Number of repeat EVMS CAR non-compliances by shipbuilder.

A sample CAR Tracking Log is provided in Attachment 4.

## **9.5 CORRECTIVE ACTION PLAN**

The shipbuilder will submit the corrective action plan to SUPSHIP who will be responsible for review and approval. This review will consist of the following:

1. Verification of root cause analysis;
2. Verification that shipbuilder proposed corrective action if implemented will prevent recurrence; and
3. Verification of Guideline compliance once corrective action is implemented.

SUPSHIP as part of the review shall distribute the Corrective Action Plan submission for review and comment to the NAVSEA (SEA05C and SEA04Z), and as appropriate to the applicable Acquisition Program Offices and DCAA. If the SUPSHIP review finds deficiencies, then the corrective action plan will be rejected and returned to the shipbuilder for resolution. If the SUPSHIP (and other stakeholder's) review finds no deficiencies within the corrective action plan then SUPSHIP shall notify the shipbuilder of its acceptability. Approval or disapproval of the corrective action plan should occur within 30 days of receipt of the corrective action plan from the shipbuilder.

Conditional Approval - If further physical evidence is necessary (such as proving out systemic incorporation over the course of time) SUPSHIP will approve the corrective action plan when the agreed upon conditions (verification or physical evidence) are met. In matters of continued disagreement, NAVSEA (SEA 05C EVM Division) shall provide guidance for approval or disapproval / escalation.

Disapproval – SUPSHIP shall document why the corrective action plan is being disapproved and submit this documentation to the shipbuilder as the basis for rejecting the corrective action plan. SUPSHIP shall continue tracking the status of the corrective action plan until final disposition is reached.

SUPSHIP shall be the final authority regarding the verification of the authenticity and effectiveness of the corrective action plan. The decision for verification is based on the following:

1. Gravity of the non-compliance;
2. On-site visual inspection shall be required to determine if the shipbuilder is actually doing what the corrective action plan says;
3. Corrective action plan effectiveness towards satisfying the guideline(s);  
and
4. Previous disagreements, previously disapproved actions in the CAR process, or lingering doubt about guideline compliance.

If verification is necessary, SUPSHIP, consulting with NAVSEA SEA05C where appropriate, shall draft closure criteria. SUPSHIP is responsible for ensuring that the closure criteria are followed by the shipbuilder, and that a mutual understanding has been reached. Verification may consist of reviewing the completeness of any of the products and data that are required for each of the guidelines. If SUPSHIP determines that verification is not necessary, then the CAR is closed out and the shipbuilder is notified.

The SUPSHIPS should work closely with NAVSEA SEA05C in instances where closure of CARs is significantly impacted by differing interpretations of compliance with the intent of the ANSI guidelines. SEA05C can provide assistance in determining adequacy of compliance in meeting standards set by DCMA.

Verification status shall be tracked by SUPSHIP in the CAR Log. The closure criteria should contain clear activities required to be successfully accomplished before the CAR can be closed out. SUPSHIP shall document the status of these activities and is responsible for ensuring that the status of these closure activities is documented. SUPSHIP shall provide copies of the CAR Log to NAVSEA on a monthly basis.

SUPSHIP, consulting with NAVSEA SEA05C where appropriate, must approve each CAR before it is officially closed out. Before suggesting a CAR for close out, SUPSHIP must answer the following close out evaluation questions.

1. Is the guideline being met?
2. How is this different from when the guideline was not being met?
3. Will the guideline be met in the future?
4. Does this CAR affect the shipbuilder being compliant with other guidelines?

5. Are other projects affected by the CAR? If so, will they be compliant with the guidelines?

If the answer is unsatisfactory to any of these questions, then SUPSHIP, working with NAVSEA SEA05C, will decide if an escalation should ensue or disapproval should follow. If escalation is not considered necessary then SUPSHIP and its surveillance team may be asked to support the following questions and appropriate course of action:

1. Is more verification necessary by SUPSHIP and its surveillance team?
2. Is a different type of verification necessary?
3. Is a new or modified corrective action plan required to be submitted by the shipbuilder?

If the answer is satisfactory to the close-out evaluation questions, then SUPSHIP drafts a short narrative describing that approval conditions have been met and informs NAVSEA (SEA05C and SEA04Z) and DCAA (if applicable) as the final step in CAR closeout.

## 10.0 CAR DOCUMENTATION

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Each SUPSHIP Command shall maintain a central repository to contain CAR-related data for all programs, contracts, and shipbuilders with EVM requirements.

## 11.0 DOCUMENT AND REPORT RESULTS

8

SUPSHIP shall ensure that documentation of all surveillance related activities, including surveillance meeting minutes, surveillance reports, and shipbuilder activities related to EVMS surveillance are retained and stored for centralized availability. SUPSHIP will generate a written report that details the findings and recommendations from each surveillance review. The SUPSHIP objective in the surveillance of the shipbuilder EVMS is to express an opinion on the effectiveness of EVMS implementation.

### 11.1 DOCUMENTATION RESPONSIBILITIES

The surveillance report is a documented record capturing all aspects of the surveillance review. The report should be prepared as soon as practicable after the final surveillance assessment in accordance with the reporting period stated in the approved Annual EVMS Surveillance Schedule. Copies of the surveillance report shall be provided to NAVSEA (SEA05C and SEA04Z), applicable Program Management Offices and DCAA .

Minimum expectations for documentation to be addressed in the System Surveillance Report (SSR) include:

- Surveillance Selection Risk Matrix(s);
- Guidelines or Process(es) reviewed;
- PM and CAM(s) interviewed and Control Accounts examined;
- Completed Guideline templates for each reviewed Guideline
  - EV Templates 1-32
- Completed EVMS Description Cross Reference Checklist; and
- System deficiencies identified:
  - Corrective Action Request(s);
  - CAR(s) drafted, reviewed and submitted to shipbuilder;
  - Shipbuilder Corrective Action Plan in place;
  - Actions taken to correct the deficiency; and
  - SUPSHIP analysis for trends and systemic issues.

### 11.2 ADMINISTRATIVE CONTRACTING OFFICER (ACO) RESPONSIBILITIES

Per DFARS 252.242-7002 the cognizant ACO is the authority for recognizing the shipbuilder EVMS as either compliant or non-compliant with the 32 ANSI/EIA-748 EVMS guidelines as stipulated by the contract. This is done by issuance of an AA or LOA indicating system acceptability. A LOA is prepared when a shipbuilder does not wish to enter into a longer term AA with SUPSHIP. An AA demonstrates that a shipbuilder has successfully gone through the validation process, has entered into a joint surveillance plan, and is committed to using the

EVMS as part of its management process. If changes occur to a shipbuilder EVMS with an AA or LOA in place, SUPSHIP will review and consider all proposed changes to ensure compliance with the reference (c) guidelines. If surveillance, as described herein, deems the shipbuilder EVMS to be non-compliant, the SUPSHIP will make recommendations to the ACO.

As part of the annual system surveillance/compliance verification process and update of the DCMA EVMS Validation list the SUPSHIP/ACO will submit an annual status report on the status of the shipbuilder's EVMS compliance to NAVSEA SEA05C. This status report should contain a summary of the SUPSHIP's assessment of the compliance of the shipbuilder's EVMS, CAR log showing outstanding CARs and current status, and a listing of surveillance events conducted during the calendar year. SEA05C will forward this information to the ASN(RD&A) CEVM and DCMA EVM Center in order to update the EVMS Supplier validation list. It is SUPSHIP's responsibility to ensure that the information is accurate and updated annually or when the status of a shipbuilder system changes, whichever is earlier.

## **12.0 ESTABLISH AND MAINTAIN SURVEILLANCE FILES**

 Surveillance files are established and maintained indefinitely by SUPSHIP to hold all pertinent data and information, including surveillance plans and surveillance findings, recommendations and actions.

## **13.0 UPDATE STANDARD SURVEILLANCE PLAN AS NECESSARY**

 As shipbuilder work scope or contracts change, the surveillance plan should be updated accordingly. If, for example, a shipbuilder that once did not have a DFARS EVM requirement but due to circumstances now has a DFARS EVM requirement, a surveillance plan is expected to be developed.

# SUPSHIP

## Location

# SURVEILLANCE PLAN

**[DATE]**

**INTRODUCTION**

This plan is issued to provide a uniform way to ensure that an Earned Value Management System (EVMS) meets the 32 ANSI/EIA-748 EVMS guidelines. The acceptance of this plan signifies that the SUPSHIP and [SHIPBUILDER NAME] have entered into an agreement to ensure that [SHIPBUILDER NAME] [SHIPBUILDER SITE] has implemented a compliant EVMS, as documented in the [SHIPBUILDER NAME] [SYSTEM DESCRIPTION TITLE] [DATE].

SUPSHIP has an active surveillance program designed to promote a common understanding of the expectations for compliance with the requirements of the 32 ANSI/EIA-748 EVMS guidelines. Compliance with the guidelines helps to ensure consistent and comparable reporting between entities, which is vital to confidence in the EVMS.

Although a number of stakeholders are involved in the surveillance of the EVMS, the SUPSHIP has primary responsibility for overseeing the shipbuilders' implementation. Shipbuilders are encouraged to be active participants in the surveillance review process. If the shipbuilder participates in joint surveillance reviews then the shipbuilder team members should be independent of the management chain of the programs that it is responsible for surveying. The review format is not intended to replace the shipbuilder's internal EVMS surveillance process or in any way remove the shipbuilder's responsibility to implement a compliant EVMS. The goal of the surveillance review process is to reduce the duplicative efforts and cost of surveillance by combining resources to achieve common goals. Responsibilities of SUPSHIP include:

- Developing an annual surveillance plan and approach;
- Appointing a SUPSHIP Team Lead for program surveillance reviews;
- Assigning resources to the surveillance reviews;

- Coordinating the surveillance review process with NAVSEA (SEA05C and SEA04Z), and as appropriate to the applicable Acquisition Program Offices and DCAA.
- Communicating the results of the surveillance review process;
- Tracking surveillance findings to closure;
- Developing and maintaining surveillance databases and metrics to assess the systemic health of the EVMS processes, as assessed across multiple reviews;
- Recommending EVMS process implementation and training changes to correct systemic findings.

## **I. PURPOSE AND OBJECTIVES**

The surveillance review process is established for the following reasons:

1. Assess the shipbuilder's commitment and ability to implement the EVMS as an integral part of its management process and to ensure that cost and schedule reports provide the customer with:
  - Timely and reliable cost, schedule, and technical performance measurement data and information that depicts actual conditions;
  - Data and information derived from the same database as that used by the shipbuilder for the management of the program;
  - Data and information that is auditable;
  - Timely indications of actual or potential problems;
  - Comprehensive variance analysis and corrective action reporting regarding cost, schedule, technical, and other problem areas, as well as proposed date(s) for cost and schedule recovery; and
  - Insights on actions taken to mitigate risks to the program.
2. Ensure that the shipbuilder EVMS continues to be compliant with the 32 ANSI/EIA-748 EVMS guidelines by:

- Training designated program personnel in the use of the EVMS;
  - Accomplishing early, comprehensive planning to provide a quality baseline ready for examination in the Integrated Baseline Review (IBR) process;
  - Integrating cost, schedule, and technical planning into a single, well-controlled performance measurement baseline.
  - Establishing clear lines of authority and responsibility for accomplishment of work elements;
  - Using information early, and continuously, to formulate corrective actions and work around plans to mitigate significant variances from the baseline plan;
  - Providing valid and timely management information; and
  - Ensuring for the integration of management systems.
3. Encourage continuous improvement and innovation of the EVMS to include people, processes, tools, and techniques.
  4. Maintain a disciplined process using EVM, including effective teamwork between the government and shipbuilder.
  5. Effectively communicate surveillance findings and results, including areas where the shipbuilder demonstrates ineffective use of the EVMS.
  6. Document those findings on corrective action requests.
  7. Follow-up on the contractor's corrective action to assure the current and any foreseeable problems are eliminated.
  8. Maintain metrics to determine the effectiveness of the EVMS and to distinguish between systemic and non-systemic problems.
  9. Reduce the cost of surveillance by combining resources to achieve common goals.

## **6 STEP SURVEILLANCE PROCESS**

### **STEP 1. SURVEILLANCE SCOPE**

The EVMS surveillance process is risked-based and assessed annually, with an overall goal of reviewing all 9 management processes and 32 guidelines over the course of a year. This allows flexibility in the timing of scheduled reviews and adjusting for key program events so that surveillance does not intrude on program requirements yet appropriately matches process reviews with program content. The selection of key management processes and guidelines reviewed should be relevant to the program phase and provide an opportunity for coaching or mentoring during the process review.

The scope of each surveillance review includes a comprehensive assessment of the shipbuilder EVMS compliance with the 32 ANSI/EIA-748 EVMS guidelines and implementation in accordance with descriptive documents. The surveillance team is responsible for documenting the findings relevant to the key management processes and guidelines. Through data traces and manager interviews, the surveillance team will assess use of EVMS data and documentation in the operation of the programs. The surveillance team will make final recommendations regarding compliance with the 9 processes, 32 guidelines, and all aspects of the EVM operation. The team will determine:

1. Whether processes, procedures, and methods are compliant with the EVMS guidelines;
2. Whether descriptive documents containing contractor's policies and procedures are understood and followed in actual operation;
3. How the data is generated by the system;
4. How the data is used in the management of the program; and
5. Management's knowledge of the EVMS roles and responsibilities of its operating personnel.

## **STEP 2. SURVEILLANCE METHODOLOGY**

Notification: SUPSHIP will provide adequate advanced notification of specific control accounts and processes that will be reviewed. It also will provide the shipbuilder adequate notice to ensure that access to documentation, facilities, and resources will not interfere with critical time sensitive work. Additionally, SUPSHIP will provide sufficient notification to NAVSEA (SEA05C and SEA04Z), and as appropriate to the applicable Acquisition Program Offices and DCAA..

Risk-Based Approach: EVMS risks are identified by using the Surveillance Selection Risk Matrix for each EVMS program/contract (Attachment 1). The review schedule will include all processes, with more intense reviews on those programs/contracts with high or medium risk since they are most likely to cause unfavorable cost, schedule, and technical performance impacts.

Program Documentation: To prepare for the on-site review, the surveillance team will gather and review both system and program documentation as well as perform data trace analysis. The shipbuilder will provide the documentation no later than three weeks prior to the on-site review date. Depending on the process being reviewed, the surveillance team will request:

- Program specific instructions on EVMS implementation;
- Correspondence relating to EVMS;
- Organization charts;
- Statement of Work;
- Contract Work Breakdown Structure;
- Dollarized Responsibility Assignment Matrix identifying Control Account Managers by WBS and OBS;
- Work authorization documentation;
- Contract Budget Baseline, Management Reserve, and Undistributed Budget logs;

- Control Account Plans;
- Material purchasing reports;
- Subcontractor reports, as applicable;
- Contract Performance Reports;
- Program schedules, Integrated Master Schedule;
- EVM related contract deliverables;
- Staffing plans;
- Rate applications and changes since the last review;
- Modifications to the contract since last review; and
- Estimate at Completion supporting documentation.

NOTE: The previous list is not exhaustive and can be updated to include more specific items, or can be tailored to remove items not required at any one specific review. If the surveillance team determines that more information or a greater level of detail is required, the shipbuilder will provide that data and information no later than two weeks prior to the on-site review.

On-Site Review: The on-site review includes an in-brief, discussions with key shipbuilder program personnel, and an out-briefing.

The on-site review process begins with an in-brief during which the surveillance team describes the objectives of the surveillance process and the approach used to assess the implementation and use of EVMS. The shipbuilder is expected to provide relevant program information including but not limited to each program's technical objectives, period of performance, critical subcontractor performance, major achievements, current issues, and upcoming key event milestones. The in-brief should be attended by the entire surveillance team.

Interview discussions are held with key shipbuilder personnel including the Program Manager(s), Business Manager(s), Control Account Managers (CAMs), Project Controls personnel, and other key program team members. The surveillance team will identify those to be interviewed based on the off-site documentation review. Interviewees are expected to demonstrate knowledge and use of the EVMS.

Time is built into the on-site review in order for the surveillance team to discuss interview results, findings of deficiency, areas for improvement, and best practices. The results of these discussions form the basis for Corrective Action Requests (CARs), out-briefing, and final surveillance reports.

The on-site review process concludes with an out-briefing during which the surveillance team presents all CARs approved for issue and best practices identified in the review. For each CAR generated, the surveillance team will identify: severity level, specific guidelines and processes affected, and risk to the program. In response to each CAR, the shipbuilder will identify the required corrective action, the responsible individuals for the correction, and a potential planned completion date. If the shipbuilder is unable to provide corrective action information at the out brief, it will be provided to the surveillance team following the standard CAR process.

### **STEP 3. SURVEILLANCE TEAM**

Surveillance may be conducted independently or jointly with team members participating from the shipbuilder, NAVSEA (SEA05C and SEA04Z), applicable Acquisition Program Offices and DCAA, as appropriate. All participants are expected to be experienced in the surveillance process, knowledgeable in the

application of the 32 ANSI/EIA-748 EVMS guidelines, and familiar with the shipbuilder's EVMS documentation and processes.

#### **STEP 4. COMMUNICATIONS AND COOPERATION**

SUPSHIP and the shipbuilder will recognize that the surveillance team is an integral part of the management process. The surveillance team will openly communicate its findings and concerns with all stakeholders, including the shipbuilder. The surveillance review results should be discussed on an on-going basis, including the identification of deficiencies and the status of corrective actions at monthly program management meetings. The shipbuilder will keep SUPSHIP advised of planned or actual changes to the EVMS prior to the implementation of the change, including, changes in software tools, key processes, or internal management procedures. SUPSHIP will note the severity of the changes and may recommend a system review. Any changes to an already validated/certified EVMS must be approved by SUPSHIP. NAVSEA (SEA05C and SEA04Z), applicable Acquisition Program Offices and DCAA will be kept informed by SUPSHIP of proposed changes to an already validated/certified EVMS on a continual basis.

To facilitate the surveillance review process the shipbuilder commits to the following:

- Identification of an on-site review coordinator at each facility
- Adherence to the agreed upon surveillance schedule
- Pre-coordinated security and facility entrance requirements
- Access to meeting room equipped with audio/visual capability,
- Appropriate program staff availability and attendance
- Timely documentation delivery
- Timely response to any requests for additional information

- Uninterrupted interviews with program personnel
- Access to printing and copying equipment, as needed

#### **STEP 5. SURVEILLANCE SCHEDULE**

The surveillance team will establish an annual EVMS surveillance schedule for performing surveillance reviews on selected programs/contracts. Periodic surveillance team meetings will be held to discuss EVMS metrics, results from system and program surveillance activities, results from data trace analysis and Integrated Baseline Reviews, and concerns raised by government users of the EVMS.

The surveillance schedule will include a sufficient sample of programs/contracts so that a credible assessment of the shipbuilder's implementation and use of the EVMS can be made. The system surveillance schedule (Attachment 2) is developed annually and identifies processes, guidelines, program(s)/contract(s), and timeframes. The surveillance team will update the surveillance schedule based on risks and new developments, as appropriate. For the last month of the year, the surveillance team will conduct a reconciliation of reviews and CARs, and provide a summary with a recommendation relative to the status of the EVMS to the ACO. This will support the development of an annual summary report on the status of the shipbuilder's EVMS compliance for use by the DCMA EVM Center in updating the EVMS Supplier validation list.

#### **STEP 6. SURVEILLANCE FINDINGS AND RESOLUTION**

SUPSHIP will conclude the review with an out-briefing during which the surveillance team will present the surveillance results to relevant stakeholders. The surveillance team will document the results of the review in a written report that is signed and dated by the SUPSHIP surveillance team leader and shipbuilder representative (if it is a joint review). The report will be issued in

accordance with the annual EVMS surveillance schedule and should include an overall assessment of the shipbuilder’s implementation of the EVMS, scope of the review, personnel interviewed, and findings of deficiency or non-compliance that resulted in CARs. SUPSHIP will use the CAR process for the initiation and follow up for correcting system deficiencies.

All CARs will be tracked and managed until resolution. If an identified compliance issue or deficiency cannot be resolved by the surveillance team and shipbuilder the unresolved issue shall be elevated to NAVSEA SEA05C for resolution. Should the shipbuilder not make adequate or timely progress in correcting identified non-compliances or deficiencies, financial and system remediation actions may be initiated to protect the Government’s interest, including suspending or withdrawing the EVMS validation.

This Surveillance Plan remains in place indefinitely, subject to modification by mutual agreement or termination by either party. The Surveillance Schedule will be updated at least annually.

\_\_\_\_\_  
[Shipbuilder name]  
[Shipbuilder site]

Date:\_\_\_\_\_

\_\_\_\_\_  
[SUPSHIP Surveillance Specialist name]  
SUPSHIP location

Date:\_\_\_\_\_

# ATTACHMENT 1 SURVEILLANCE SELECTION RISK MATRIX Oct 2010

SURVEILLANCE SECTION RISK MATRIX		DATE:		POC:	
SHIPBUILDER:		PROGRAM:		CONTRACT:	
RISK	WEIGHT	HIGH 3.00	MEDIUM 2.00	LOW 1.00	SCORE
PROGRAM PHASE	.05	DEVELOPMENT ORGANIZING, SCHEDULING, WORK/BUDGET AUTHORIZATION	EARLY LRIP ACCOUNTING, MATERIAL MANAGEMENT, CHANGE INCORPORATION	LATE LRIP MATERIAL MANAGEMENT, ACCOUNTING	.15
PM EVM EXPERIENCE	.05	< 2 YRS ORGANIZING, SCHEDULING, MANAGERIAL ANALYSIS	2 – 5YRS SCHEDULING, MANAGERIAL ANALYSIS	> 5YRS MANAGERIAL ANALYSIS	.05
TOTAL CONTRACT VALUE	.05	> \$99M WORK/BUDGET AUTHORIZATION, ACCOUNTING, MANAGERIAL ANALYSIS	\$50M - \$99M SCHEDULING, WORK/BUDGET AUTHORIZATION	\$20M - \$49M SCHEDULING	.15
VALUE OF PRIME WORK REMAINING	.10	> 50% MANAGERIAL ANALYSIS, CHANGE INCORPORATION	10 - 50% MANAGERIAL ANALYSIS, CHANGE INCORPORATION	< 10% ACCOUNTING, MATERIAL MANAGEMENT	.20
VALUE OF SUBC WORK REMAINING	.10	> 50% WORK/BUDGET AUTHORIZATION, SCHEDULING, SUBCONTRACT MANAGEMENT, MANAGERIAL ANALYSIS	10 – 50% WORK/BUDGET AUTHORIZATION, SCHEDULING, SUBCONTRACT MANAGEMENT, MANAGERIAL ANALYSIS	< 10% ACCOUNTING, SUBCONTRACT MANAGEMENT	.30
VALUE OF MATERIAL REMAINING	.10	>30% WORK/BUDGET AUTHORIZATION, SCHEDULING, ACCOUNTING, MATERIAL MANAGEMENT	15 – 30% ACCOUNTING, MATERIAL MANAGEMENT	< 15% MATERIAL MANAGEMENT	.30
VALUE OF MGMT RES REMAINING	.05	< 5% BCWR WORK/BUDGET AUTHORIZATION, CHANGE INCORPORATION	5 – 10% BCWR WORK/BUDGET AUTHORIZATION, CHANGE INCORPORATION	> 10% BCWR CHANGE INCORPORATION	.10
OTB (RESETS)	.05	2 or more WORK/BUDGET AUTHORIZATION, CHANGE INCORPORATION, SCHEDULING	1 WORK/BUDGET AUTHORIZATION, CHANGE INCORPORATION	NIL ORGANIZING	.10
SV%, CV%, OR VAC%	.05	> 10% ACCOUNTING, INDIRECT MGMT, MANAGERIAL ANALYSIS	5 - 9% INDIRECT MANAGEMENT, MANAGERIAL ANALYSIS	< 5% MANAGERIAL ANALYSIS	.15
CRITICAL PATH FLOAT	.10	NEGATIVE – NO (0) MARGIN SCHEDULING, MANAGERIAL ANALYSIS	POSITIVE <= 40 WORK DAYS SCHEDULING	> 40 POSITIVE WORK DAYS SCHEDULING, WORK/BUDGET AUTHORIZATION	.30
BASELINE VOLATILITY	.05	> 15% CHANGE INCORPORATION, ACCOUNTING	5 - 15% CHANGE INCORPORATION, ACCOUNTING	< 5% MANAGERIAL ANALYSIS	.10
INDIRECT VOLATILITY	.05	> 10% INDIRECT MANAGEMENT, ACCOUNTING	5 – 10% INDIRECT MANAGEMENT, ACCOUNTING	< 5% INDIRECT MANAGEMENT	.10
ONGOING SYSTEMS ISSUES	.15	MULTIPLE UNRESOLVED AFFECTED PROCESSES	SINGLE UNRESOLVED AFFECTED PROCESSES	NIL NA	.45
TIME SINCE LAST REVIEW	.05	> 12 MO. OR NEVER REVIEWED ALL PROCESS GROUPS	6 -12 MO. PROCESSES NOT YET REVIEWED	< 6 MO. FOLLOW ALL OF THE ABOVE	.15
<b>TOTAL</b>	<b>1.00</b>				<b>2.60</b>

# ATTACHMENT 1 SURVEILLANCE SELECTION RISK MATRIX Oct 2010

**RISK MANAGEMENT MATRIX**  
**VIRGINIA CLASS PROGRAM SURVEILLANCE SCHEDULE: CY2009**

Guidance Criteria	Work Definition (Organization)	Scheduling	Work/Budget Authorization	Data Development	Data Analysis & Reporting	Change Management	Material Management	Subcontract Management	Indirect Costs																																																																																																								
<b>ORGANIZATION</b>																																																																																																																	
1 Define WBS	X																																																																																																																
2 ID Program Organization Structure	X							X																																																																																																									
3 Complete Integration of EVMS/WBS/Org. Structures	X																																																																																																																
4 ID Overhead control POC									X																																																																																																								
5 Integrate Program WBS & organization structure	X																																																																																																																
<b>PLANNING AND BUDGETING</b>																																																																																																																	
6 Sequential scheduling of work		X																																																																																																															
7 ID product milestones/goals (progressing)		X																																																																																																															
8 Establish time-phased budget		X							X																																																																																																								
9 Establish significant cost elements	X						X	X																																																																																																									
10 ID discrete work packages (progressing)	X						X	X																																																																																																									
11 Sum all work package budget & planning packages			X																																																																																																														
12 ID LOE time-phased efforts			X				X	X																																																																																																									
13 Establish CH budgets for each significant org. component									X																																																																																																								
14 ID management reserve and undistributed budget			X																																																																																																														
15 Reconcile program target cost goal with internal budgets			X																																																																																																														
<b>ACCOUNTING</b>																																																																																																																	
16 Record direct costs				X				X																																																																																																									
17 Summarize direct costs into WBS				X																																																																																																													
18 Summarize direct costs into organization element				X																																																																																																													
19 Record indirect costs				X					X																																																																																																								
20 ID unit costs, equivalent unit costs or lot costs				X																																																																																																													
21 Cost accumulation by control costs							X																																																																																																										
<b>ANALYSIS</b>																																																																																																																	
22 Control account monthly summary			X		X		X	X																																																																																																									
23 Differences between planned and actuals, monthly		X			X		X	X																																																																																																									
24 ID budgeted and actual indirect costs									X																																																																																																								
25 Summarize data elements and variances					X																																																																																																												
26 Implement management actions as result of EVM analysis					X																																																																																																												
27 Revise EAC based on performance data; compare with PMB					X		X		X																																																																																																								
<b>REVISIONS</b>																																																																																																																	
28 Incorporate authorized changes						X																																																																																																											
29 Reconcile budgets with prior budgets						X																																																																																																											
30 Control retroactive changes				X																																																																																																													
31 Prevent all but authorized budget changes						X																																																																																																											
32 Document changes to PMB						X																																																																																																											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Risk Factors</th> <th>Weight</th> <th>High = 3</th> <th>Medium = 2</th> <th>Low = 1</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Due for Review</td> <td>0.1</td> <td>&gt;2 years</td> <td>2 years ago</td> <td>Previous year</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>3</td> </tr> <tr> <td>Change in Process/Description</td> <td>0.2</td> <td>Major Change</td> <td>Moderate Change</td> <td>Stable Process</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Previous Findings</td> <td>0.2</td> <td>Major Findings</td> <td>Minor Findings</td> <td>None</td> <td>3</td> <td>3</td> <td>3</td> <td>3</td> <td>3</td> <td>3</td> <td>1</td> <td>1</td> </tr> <tr> <td>Specific Issues/Concern</td> <td>0.5</td> <td>Highly visible</td> <td>Some concern</td> <td>None</td> <td>1</td> <td>3</td> <td>3</td> <td>3</td> <td>3</td> <td>2</td> <td>3</td> <td>2</td> </tr> <tr> <td colspan="5"><b>Overall Process/System Risk (H-M-L)</b></td> <td>M</td> <td>H</td> <td>H</td> <td>H</td> <td>H</td> <td>M</td> <td>H</td> <td>M</td> </tr> <tr> <td colspan="5"><b>Schedule for Joint Surveillance Review</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>3/4Q09</td> <td></td> <td></td> </tr> <tr> <td colspan="5"><b>Comments</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>JOINT</td> <td></td> <td></td> </tr> </tbody> </table>										Risk Factors	Weight	High = 3	Medium = 2	Low = 1									Due for Review	0.1	>2 years	2 years ago	Previous year	1	1	1	1	1	1	1	3	Change in Process/Description	0.2	Major Change	Moderate Change	Stable Process	1	1	1	1	1	1	1	1	Previous Findings	0.2	Major Findings	Minor Findings	None	3	3	3	3	3	3	1	1	Specific Issues/Concern	0.5	Highly visible	Some concern	None	1	3	3	3	3	2	3	2	<b>Overall Process/System Risk (H-M-L)</b>					M	H	H	H	H	M	H	M	<b>Schedule for Joint Surveillance Review</b>										3/4Q09			<b>Comments</b>										JOINT		
Risk Factors	Weight	High = 3	Medium = 2	Low = 1																																																																																																													
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- NAVSEA/DCMA Compliance Review July 2008
- Identified as "non-compliant" by DCMA/EV Center (July 2008)
- SUPSHIP 3rd/4th Quarters 2008 Surveillance Review
- DCAA Review 06
- SUPSHIP 1st/2nd Quarters 2009 Surveillance Review
- SUPSHIP 3rd/4th Quarters 2009 Surveillance Review

**ATTACHMENT 2 ANNUAL EVMS SURVEILLANCE SCHEDULE      Oct 2010**

<b>ANNUAL EVMS SURVEILLANCE SCHEDULE</b>				
<b>PART 1:</b>				
<b>1.A. CALENDAR YEAR</b>		<b>1.B.CMO POINT OF CONTACT</b>		
2008		CAPTAIN ROGER PETERSON		
<b>1.C. CMO NAME</b>		<b>1.D. CMO LOCATION (CITY/STATE)</b>		
SPACE AND MISSILES		TAMPA, FL		
<b>1.E. SHIPBUILDER NAME</b>		<b>1.F. SUPPLER LOCATION (CITY/STATE)</b>		
MISSILE-MART, INC.		TAMPA, FL		
<b>1.G. DATE SURVEILLANCE SCHEDULE PREPARED</b>		<b>1.H. DATE SCHEDULE APPROVED BY EVM CENTER</b>		
DECEMBER 15, 2007		DECEMBER 31, 2007		
<b>PART 2: FOR EACH OF THE NINE PROCESSES, IDENTIFY WHICH GUIDELINES WILL BE REVIEWED (REF. EVMIG FIGURE 2-1 GUIDELINES—PROCESS MATRIX). BASED ON THE SURVEILLANCE SELECTION RISK MATRIX RESULTS, IDENTIFY WHICH PROGRAM(S) /CONTRACT(S) WILL BE REVIEWED AGAINST EACH OF THESE GUIDELINES, WHEN THE SURVEILLANCE ACTIVITIES WILL OCCUR, AND LASTLY, WHEN REPORTS WILL BE COMPLETED AND RELEASED.</b>				
<b>2.A. PROCESS(ES)</b>	<b>2.B. GUIDELINES</b>	<b>2.C. PROGRAM(S) / CONTRACT(S)</b>	<b>2.D. PERIOD OF SURVEILLANCE</b>	<b>2.E. SCHEDULED COMPLETION DATE OF REPORT (SSR)</b>
ORGANIZING	1, 2, 3, 5	ABC/N00104-07-C-XXXX; XYZ/DAAB07-07-C-ZZZZ	JANUARY 2008	JANUARY 2008
WORK/BUDGET AUTHORIZATION	8, 9, 10, 11	ABC/N00104-07-C-XXXX; XYZ/DAAB07-07-C-ZZZZ	FEBRUARY 2008	COMBINE WITH MARCH 2008
WORK/BUDGET AUTHORIZATION	12, 14, 15	ABC/N00104-07-C-XXXX; XYZ/DAAB07-07-C-ZZZZ	MARCH 2008	MARCH 2008
SCHEDULING	6 AND 7	ABC/N00104-07-C-XXXX; XYZ/DAAB07-07-C-ZZZZ	APRIL 2008	APRIL 2008
ACCOUNTING	16, 17, 18, 20, 22, 30	DEF/F33657-05-C-YYYY XYZ/DAAB07-07-C-ZZZZ	MAY 2008	MAY 2008
MATERIAL MANAGEMENT SUBCONTRACT MANAGEMENT	21 (2, 16)	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	JUNE 2008	COMBINE WITH JULY 2008
MATERIAL MANAGEMENT SUBCONTRACT MANAGEMENT	(9, 10, 12, 22, 23, 27) (9, 10, 12, 22, 23, 27)	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	JULY 2008	JULY 2008
MANAGERIAL ANALYSIS	22, 23, 25, 26	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	AUGUST 2008	COMBINE WITH SEPTEMBER 2008
MANAGERIAL ANALYSIS	27	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	SEPTEMBER 2008	SEPTEMBER 2008
CHANGE INCORPORATION	28, 29, 30, 31, 32	DEF/F33657-05-C-YYYY TUV/00NAS8-06-XXXX	OCTOBER 2008	OCTOBER 2008
INDIRECT MANAGEMENT	4, 8, 13, 19, 24, 27	ABC/N00104-07-C-XXXX; TUV/00NAS8-06-XXXX	NOVEMBER 2008	NOVEMBER 2008
<b>PART 3: END OF YEAR RECONCILIATION OF REVIEWS, PREPARE RECOMMENDATION TO ACO.</b>				
<b>3.A. SCHEDULED COMPLETION DATE OF YEAR END RECOMMENDATION TO ACO</b>			DECEMBER 31, 2008	

**ATTACHMENT 3 EVMS SURVEILLANCE PRODUCTS Oct 2010**

Deliverable		Roles						
Deliverable Title	Submittal/Time Rqmt	SUPSHIP	SEA04Z	SEA05C	Navy CEVM	Program Office	DCMA EVM Center	Reqmt Reference
EVM System Description Proposed Changes	30 days for approval (Usually)	Review and Approval	Info	Review and comment	Review and comment	Review and comment		DFARS 252.234-7002 EVMIG
EVM System Surveillance Plan	Annual	Develop and Approval	Info	Info Copy		Info Copy - If reqd by MOA		Surveillance Operating Procedure
EVM System Surveillance Schedule	Annual	Develop and Approval	Info	Info Copy		Info Copy - If reqd by MOA		Surveillance Operating Procedure
EVM System Surveillance Plan Risk Assessment	Annual	Develop and Approval	Info	Info Copy		Info Copy - If reqd by MOA		Surveillance Operating Procedure
EVM System Surveillance Report	15 days after completion of surveillance event	Develop		Info Copy				Surveillance Operating Procedure
EVMS Advance Agreement	As Needed	ACO Signature		Info Copy	Info Copy fm SEA05C8		Info Copy fm CEVM	EVMIG
EVMS Letter of Acceptance	As Needed	ACO Signature		Info Copy	Info Copy fm SEA05C8		Info Copy fm CEVM	EVMIG
CAR Summary Log	Monthly Updates	Maintain w/ monthly update		Info Copy - Monthly				Surveillance Operating Procedure
CAR Level I	Within 10 working days of ID of deficiency	Initiate						Surveillance Operating Procedure
CAR Level II	Within 10 working days of ID of deficiency	Initiate						Surveillance Operating Procedure
CAR Level III	Within 10 working days of ID of deficiency	Initiate		Info Copy		Info Copy - If reqd by MOA		Surveillance Operating Procedure
CAR Level IV	Within 10 working days of ID of deficiency	Initiate		Info Copy		Info Copy - If reqd by MOA		Surveillance Operating Procedure
Shipbuilder Corrective Action Plan	Approved within 30 days	Review and Approval		Info Copy				Surveillance Operating Procedure, DCMA SSOM
CAR Closeout Notification	Upon validation of correction of deficiency	Develop and Approval		Info Copy - Level III and IV		Info Copy - Level III and IV		Surveillance Operating Procedure, DCMA SSOM
CAR Documentation Repository	Ongoing	Maintain						NAVSEAINST 7000.4G
SUPSHIP Quarterly Contract Reports to SEA04Z/SEA00	Quarterly Updates	Submitter	Receive for Action					SEA04 Internal Rqmt
SUPSHIP Monthly Contract Analysis Reports	Monthly Updates	Submitter		Info Copy		Receive for Action		MOA with Program Office
Annual Status Report on EVMS Compliance including reconciliation of reviews & CARS, summary with recommendation relative to status of EVMS to ACO - Format TBD	Annual	Submitter - Original to ACO	Info Copy	Info and forward to Navy CEVM	Retain	Info Copy - If reqd by MOA		Surveillance Operating Procedure, DCMA SSOM

