



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

FEB 20 2008

MEMORANDUM FOR DISTRIBUTION

SUBJ: Earned Value Management (EVM) Reviews for ACAT I Programs

Reviews conducted by the Naval Audit Service and the Defense Contract Management Agency (DCMA) indicated that numerous Navy contractors are not compliant with ANSI/EIA-748, the EVM guidelines accepted as the EVM standard by DoD. Reviews have found broad deficiencies across multiple contractor sites. Deficiencies include failure to manage and document changes to the baseline; lack of integration across the cost, schedule, and work authorization systems; intentionally masking cost and schedule variances; and inadequate reporting of Estimates at Complete.

As a result of these noted deficiencies, the Secretary of the Navy requested that ASN (RD&A) help ensure our program managers receive reliable EVM performance information on their contracts. To that end, I have asked the Center for Earned Value Management (CEVM) to coordinate with DCMA and SUPSHIPS to review our contractors' management processes. The CEVM will document any concerns or risks and work with the local Contract Management Office and Program Office to resolve any issues. Program Manager support for these reviews will be key to the timely resolution of any noted deficiencies.

These reviews are expected to be brief and should have only minimal impact on the programs. Prior to each scheduled review, the CEVM will contact the program offices to communicate requirements.

Questions can be directed to Mr. Beau Willis, Director, CEVM, 703-418-1960 x144 or beau.willis@navy.mil.

A handwritten signature in black ink, appearing to read "David Architzel".

David Architzel
Vice Admiral, U.S. Navy
Principal Deputy

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