



DEPARTMENT OF THE TREASURY
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MEMORANDUM FOR BUREAU CHIEF PROCUREMENT OFFICERS

FROM: Thomas A. Sharpe, Jr. 
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Office of the Procurement Executive

SUBJECT: Earned Value Management System (EVMS)

Purpose: This AB contains Earned Value Management (EVM) requirements to include informational text, provisions and clauses to be inserted in solicitations and awards with development, modernization or enhancement (DME) efforts. Projects with DME must be managed using an Earned Value Management System (EVMS) that is compliant with the American National Standards Institute/Engineering Industrial Alliance (ANSI/EIA) Standard 748 (current version). Treasury has established two types of EVM reporting: “Full” EVM reporting – 32 ANSI/EIA criteria and “Core” – 10 ANSI criteria that comply with ANSI/EIA 748, which apply to dollar thresholds described in this AB.

Effective Date: Effective the date of this AB, new major investments with DME must implement this policy in acquisition plans, solicitations, and awards. Existing major investments with DME that have previously awarded acquisitions shall select a logical point to start and move forward (e.g., system refresh). Acquisition staff, CPIC staff and Bureau CPIC Coordinator shall work together to determine the onset timeframe for requiring EVM implementation for an investment, and also when waivers are warranted.

Expiration Date: This AB will expire when cancelled or superseded.

Cancellation: This AB cancels AB 06-01, Earned Value Management.

Background: Consistent with OMB Circular A-11, Treasury’s Office of the Chief Information Officer (OCIO) has published “The Department of the Treasury Earned Value Management Guide” (Treasury EVM Guide). This guide requires an EVMS for all information technology actions associated with major investments with development, modernization, or enhancement (DME) effort that meet “Full” or “Core” Treasury definitions consistent with American National Standards Institute/Electronics Industries Alliance (ANSI/EIA) Standard -748 (current version at the time of award).

1. Treasury has established two EVM thresholds to define the level of reporting required:

“Full” EVM reporting – 32 ANSI criteria. See Appendix B, Treasury EVM Guide, for criteria.

“Core” EVM reporting – 10 ANSI criteria. See Appendix C, Treasury EVM Guide, for criteria.

Note: EVM thresholds are established separately for the contractor-developed and the government-developed components of investments.

2. The following thresholds for the **contractor-developed component** of investments apply to DME costs *at the Contract Line Item Number (CLIN) level* for performance-based acquisitions and to DME costs *at the acquisition level (Contract, Task Order, or IAG)* for non-performance-based contracts:

- **DME costs above \$50 million** – “Full” 32 ANSI criteria EVMS – *external validation is required*. The contractor must supply proof of validation by the Cognizant Federal Agency (CFA) that EVM is applied in full compliance with ANSI/EIA Standard 748. CFA is defined in Federal Acquisition Regulation (FAR) Subpart 42.003.
- **DME costs \$20 to \$50 million** – “Full” 32 ANSI criteria EVMS – *self-validation is required*. The contractor must provide proof of self-validation that EVM is applied in full compliance with ANSI/EIA Standard 748.
- **DME costs under \$20 million** – “Core” 10 ANSI criteria EVMS – *self-validation is required*. EVM principles must be applied for tracking investment cost, schedule, and performance, but need only comply with a subset of ANSI/EIA Standard 748 criteria, listed in Appendix C, Treasury EVM Guide and paragraph 1, Treasury Special Text – Definition, below.

Required Actions:

The following text, provisions and clauses supplement the Federal Acquisition Regulation (FAR), Part 34, to incorporate “Full” or “Core” EVM requirements until promulgated within the Department of the Treasury Acquisition (DTAR).

1. Treasury Special Text -Definition.

“Core Earned Value Management” is a process for ensuring that the contractor’s self validated earned value management system is capable of producing earned value management data and meets, at a minimum, the following core ANSI/EIA Standard-748 criteria:

1. (ANSI #1) Define the authorized work elements for the program. A work breakdown structure (WBS), tailored for effective internal management control, is commonly used in this process.

2. (ANSI #2) Identify the program organizational structure including the major subcontractors responsible for accomplishing the authorized work, and define the organizational elements in which work will be planned and controlled.
3. (ANSI #3) Provide for the integration of the company's planning, scheduling, budgeting, work authorization, and cost accumulation processes with each other, and as appropriate, the program WBS and the program organizational structure.
4. (ANSI #6) Schedule the authorized work in a manner that describes the sequence of work and identifies significant task interdependencies required to meet the needs of the program.
5. (ANSI #7) Identify physical products, milestones, technical performance goals, or other indicators that will be used to measure progress.
6. (ANSI #8) Establish and maintain a time-phased budget baseline, at the control account level, against which program performance can be measured. Initial budgets established for performance measurement will be based on either internal management goals or the external customer negotiated target cost including estimates for authorized but vaguely defined work. Budget for far-term efforts may be held in higher-level accounts until an appropriate time for allocation at the control account level. On government contracts, if an over-target baseline is used for performance measurement reporting purposes, prior notification must be provided to the customer.
7. (ANSI #16) Record direct costs in a manner consistent with the budgets in a formal system controlled by the general books of account.
8. (ANSI #22) At least on a monthly basis, generate the following information at the control account and other levels as necessary for management control using actual cost data from, or reconcilable with, the accounting system:
 - Comparison of the amount of planned budget and the amount of budget earned for work accomplished. This comparison provides the schedule variance.
 - Comparison of the amount of the budget earned and the actual (applied where appropriate) direct costs for the same work. This comparison provides the cost variance.
9. (ANSI #27) Develop revised estimates of cost at completion based on performance to date, commitment values for material, and estimates of future conditions. Compare this information with the performance measurement baseline to identify variances at completion important to management and any applicable customer reporting requirements, including statements of funding requirements.
10. (ANSI #28) Incorporate authorized changes in a timely manner, recording the effects of such changes in budgets and schedules. In the directed effort prior to negotiation of a change, base such revisions on the amount estimated and budgeted to the program organizations.

Development, Modernization, Enhancement (DME) is the portion of an IT investment/project which deals with developing and implementing new or enhanced technology in support of an agency's mission.

Major acquisitions for development are defined as contracts, awarded in support of one or more Major IT investments with DME activities, which meet the contract threshold for fully applying FAR 34.2 procedures.

Performance-based acquisition management means a documented, systematic process for program management, which includes integration of program scope, schedule and cost objectives, establishment of a baseline plan for accomplishment of program objectives, and use of earned value techniques for performance measurement during execution of the program. A performance-based acquisition (as defined in the Federal Acquisition Regulation 37.101) or an acquisition with a defined quality assurance plan that includes performance standards/measures should be the basis for monitoring the contractor.

2. Treasury Special Text - Provision Acquisition strategy.

- a. A program manager's acquisition strategy written at the system or investment level in accordance with Federal Acquisition Regulation (FAR) 7.103(e) shall include at a minimum:
- (1) The relationship of each individual acquisition (Contract, Delivery Order, Task Order, or Interagency Agreement) to the overall investment requirements and management structure;
 - (2) What work is being performed in-house (by government personnel) vs. contracted out for the investment;
 - (3) A description of the development/modernization/enhancement (DME) effort, by acquisition, and the plans to include required Earned Value Management (EVM) clauses in the acquisitions;
 - (4) A timetable of major acquisition award and administration activities, including plans for contract transitions;
 - (5) An investment/system surveillance plan;
 - (6) Financial and human resource requirements to manage the acquisition processes through the investment lifecycle;
 - (7) Consideration of optimal contract types, including considerations of performance based approaches, small business utilization, Section 508, etc.; and
 - (8) Assurances that the acquisition strategy section and supporting acquisition plans will maximize competition including enabling downstream competition through avoidance of vendor "lock in".
- b. The acquisition strategy shall be approved by a chartered interdisciplinary acquisition team that includes a representative of the procurement organization designated in accordance with bureau procedures.

3. Treasury Special Text - Policy

(a) An Earned Value Management System (EVMS) is required for major acquisitions for development/modernization/enhancement (DME) in accordance with OMB Circular A-11. This includes prototypes and tests to select the most cost effective alternative during the Planning Phase, the work during the Acquisition Phase, and any developmental, modification or upgrade work done during the Operational/Steady State Phase. EVMS is to be applied to contractor efforts regardless of contract type. The contracting officer shall procure the Contractor-developed component(s) of major project(s) that have been vetted through the Treasury governance process and the acquisition has been identified by the program manager as requiring the Contractor’s use of an EVMS. In addition to major acquisitions for development, the Department of the Treasury may also require the Contractor’s use of an EVMS for other acquisitions. The following thresholds apply to DME costs at the Contract Line Item Number (CLIN) level for performance-based acquisitions and to DME costs at the acquisition level (Contract, Task Order, or IAG) for non-performance-based contracts:

Contract, Task Order, IAG, or CLIN Value	Reporting Requirements for IT Investments	Applicable ANSI/EIA Criteria	Level of EVMS Validation/- Acceptance	IBR Required	Level of EVMS Surveillance (Contractor)
>\$50 M	Full	32	CFA1/ Acceptance	Yes	CFA Surveillance unless another interested party alternative is requested by the Bureau and approved by the Treasury CIO
Between \$20M and \$50 M	Full	32	Contractor Self-Validation	Yes	
<\$20M	Core	10	Contractor Self- Validation	Independent Baseline Validation (IBV)/IBR (Core)	Treasury/Bureau Surveillance*
* In accordance with Bureau Annual Surveillance Strategy 1/CFA – Cognizant Federal Agency (See FAR 42.003)					

For the purpose of definition, CLIN may be interpreted as a single Contract Line Item Number, Contract Line Item Number with Sub-CLINs, or Multiple Contract Line Item Numbers included in a single DME effort. Do not break down any DME effort below the aggregation of the requirement to avoid use of the actual threshold prescriptions.

(b) Acquisition Planning

All written acquisition plans (See DTAR 1007.103) shall include the following:

- (i) a determination from the requirements official as to whether the program is a major acquisition as defined under OMB Circular A-11 and FAR Part 34;
- (ii) if so, whether the program is required to include EVM and if the Contractor is required to use an EVMS;
- (iii) if so, whether the program official is EVM trained and qualified or has support from someone who is EVM trained and certified; and

- (iv) Conduct an Integrated Baseline Review (IBR) within 90 days when the acquisition DME value is \$20 Million or more, or an IBR (Core) when the acquisition DME value is less than \$20 Million) will be completed.

(c) Solicitations and Awards

Unless a waiver has been granted (See Paragraph (e), below), all solicitations and awards for major investments with DME valued at \$20 Million or more require EVMS from the Contractor and its Subcontractor as follows:

- (i) FAR Clause 52.234-4, Earned Value Management System; and, as appropriate, Treasury AB 09-01-1052.234-4, Earned Value Management System Alternate I (FEB 2009) (See Treasury AB 09-01-1034.203 below), must contain a requirement that the Contractor and its subcontractors either have:
 - (A) an EVMS that has been determined as meeting the Full criteria of ANSI/EIA Standard-748 compliance (valued at \$20 Million or more);
 - (B) an EVMS that has been determined as meeting the Core criteria of ANSI/EIA Standard-748 compliance (valued at below \$20 Million, See 5. Treasury Special Solicitation Provisions and Contract Clauses, Treasury AB 09-01-1052.234-2 and Treasury AB 09-01-1052.234-3); or
 - (C) that the Contractor deliver a plan to provide EVM data that meets the standard.
- (ii) Provide for the completion of an IBR, or, as appropriate, (for subcontracts with DME less than \$20 million, an IBR (Core) that meets the Government standard and that the Contractor provide periodic reporting of the EVM data.
- (iii) All EVM determinations as set forth in paragraphs 3(c)(i)(A) and (B), above, shall be documented in the pre-award and contract files, as appropriate.

(d) Program Management

For those acquisitions to which EVM applies, the program manager (PM)/contracting officer's technical representative (COTR) shall:

- (i) ensure that EVM requirements are included in the acquisition Statement of Objectives (SOO), Performance Work Statement (PWS), or Statement of Work (SOW);
- (ii) determine whether the Contractor's EVMS (and that of its subcontractors) is ANSI/EIA Standard 748 compliant, or determine whether the Contractor's plan to provide EVM data meets the required standard; and
- (iii) validate and approve the IBR/IBR (Core) and the subsequently issued EVM reports.

These program management requirements shall be included in the contracting officer's written appointment letter to the COTR.

(e) Waivers

In accordance with Bureau policy, a waiver(s) to the guidance described within the Department of the Treasury Earned Value Management Guide (Treasury EVM Guide) may be granted by the Treasury CIO based on Bureau documented and Bureau CIO approved requests. Examples of waiver justifications may include, but are not limited to:

- Urgency of work to be performed;
- Limited duration of work to be performed;
- Cost of adding EVMS requirement to a contract vs. benefit achieved;
- Percentage of DME costs vis-à-vis the life cycle investment costs; and
- Level of risk

4. Treasury Special Text - Integrated Baseline Reviews

(a) When an EVMS is required, and depending on the DME CLIN value threshold the Government will conduct an IBR or an IBR (Core).

(b) The purpose of the IBR and the IBR (Core) is to verify the technical content and the realism of the related performance budgets, resources, and schedules. It should provide a mutual understanding of the inherent risks in offerors'/contractors' performance plans and the underlying management control systems, and it should formulate a plan to handle these risks.

(c) Both the IBR and the IBR (Core) are joint assessments by the offeror or contractor, and the Government, of the –

- (i) Ability of the project's technical plan to achieve the objectives of the scope of work;
- (ii) Adequacy of the time allocated for performing the defined tasks to successfully achieve the project schedule objectives;
- (iii) Ability of the Performance Measurement Baseline (PMB) to successfully execute the project and attain cost objectives, recognizing the relationship between budget resources, funding, schedule, and scope of work;
- (iv) Availability of personnel, facilities, and equipment when required, to perform the defined tasks needed to execute the program successfully; and
- (v) The degree to which the management process provides effective and integrated technical/schedule/cost planning and baseline control.

(d) An IBR/IBR (Core) may be held either pre- or post-award; however, the post-award IBR/IBR (Core) must be completed within 90 days after award; OR the contracting officer shall obtain a copy of the Program Manager's written review of the requirement and assessment of the IBR/IBR (Core) timing based on the risk associated with the acquisition. While a post-award

IBR is preferred, a pre-award IBR will be acceptable. Note: The IBR (Core) may be included within the Quality Assurance Surveillance Plan (QASP).

(e) The solicitation and award shall include the process and schedule for EVM system validation as meeting the ANSI/EIA 748 through an EVMS Compliance Recognition documents or a Compliance Evaluation Review where a compliance document does not exist, and periodic systems surveillance.

5. Treasury Special Solicitation Provisions and Contract Clauses.

(a) For major investment acquisitions that included a DME effort value of greater than \$50 Million, the contracting officer shall follow the requirements provided at FAR Subpart 34.203.

(b) For major investment acquisitions that include a DME effort with a value between \$20 - \$50 Million:

(i) The contracting officer shall insert the FAR provision at FAR 52.234-2, Notice of Earned Value Management System – Pre-Award IBR, with the clause at Treasury AB 09-01-1052.234-2, Notice of Earned Value System – Pre-Award Alternate I in solicitations and awards that require the contractor to use an Earned Value Management System (EVMS) and for which the Government requires an IBR *prior to award*.

(ii) The contracting officer shall insert the FAR provision at FAR 52.234-3, Notice of Earned Value Management System – Post-Award IBR, with Treasury AB 09-01-1052.234-3, Notice of Earned Value System – Post-Award Alternate I in solicitations and awards that require the contractor to use and Earned Value Management System (EVMS) and for which the Government requires an IBR *after award*.

(iii) The contracting officer shall insert the FAR clause at FAR 52.234-4, Earned Value Management System, with the Treasury AB 09-01-1052.234-4, Earned Value Management System Alternate I), *in solicitations and awards that require a contractor to use an EVMS*.

(c) For major acquisitions that include a DME effort with a value of less than \$20 Million:

(i) The contracting officer shall insert the provision Treasury AB 09-01-1052.234-70, Notice of Earned Value Management System – Pre-Award IBR (Core), in solicitations for awards that require the contractor to use an Earned Value Management System (EVMS) and for which the Government requires an IBR *prior to award*.

(ii) The contracting officer shall insert the provision Treasury AB 09-01-1052.234-71, Notice of Earned Value Management System – Post-Award IBR (Core), in solicitations for contracts that require the contractor to use an Earned Value Management System (EVMS) and for which the Government requires an IBR *after award*.

(iii) The contracting officer shall insert the clause Treasury AB 09-01-1052.234-72, Core Earned Value Management System, *in solicitations and awards that require a contractor to use an EVMS*.

**Treasury AB 09-01-1052.234-2 Notice of Earned Value Management System – Pre-Award
IBR Alternate I (MAR 2009)**

As prescribed in paragraph 5 Treasury Special Solicitation Provisions and Contract Clauses, subparagraph (b)(i), substitute the following paragraph (a) for paragraph (a) of the basic FAR clause:

- (a) The offeror shall provide either documentation that the Cognizant Federal Agency has determined that the proposed earned value management system (EVMS) complies with the EVMS guidelines in ANSI/EIA Standard-748 (ANSI Standard) or documentation that supports the offeror’s self-validation that the EVMS complies with the ANSI Standard, as applicable.

(End of Provision)

**Treasury AB 09-01-1052.234-3 Notice of Earned Value Management System – Post-Award
IBR Alternate I (MAR 2009)**

As prescribed in paragraph 5 Treasury Special Solicitation Provisions and Contract Clauses, subparagraph (b)(ii), substitute the following paragraph (a) for paragraph (a) of the basic FAR clause:

- (a) The offeror shall provide either documentation that the Cognizant Federal Agency has determined that the proposed earned value management system (EVMS) complies with the EVMS guidelines in ANSI/EIA Standard-748 (ANSI Standard) or documentation that supports the offeror’s self-validation that the EVMS complies with the ANSI Standard, as applicable.

(End of Provision)

**Treasury AB 09-01-1052.234-4 Earned Value Management System Alternate I (MAR
2009)**

As prescribed in paragraph 5 Treasury Special Solicitation Provisions and Contract Clauses, subparagraph (b)(iii), substitute the following paragraph (a) for paragraph (a) of the basic FAR clause:

- (a) The Contractor shall use an Earned Value Management System (EVMS) that has been determined by the Cognizant Federal Agency (CFA) or has been determined through Contractor’s self-validation to be compliant with the guidelines in ANSI/EIA Standard-748 (current version at the time of award) to manage this contract. If the Contractor’s current EVMS has not been determined compliant at the time of award, see paragraph (b) of this clause. The Contractor shall submit reports in accordance with the requirements of this contract.

(End of Clause)

Treasury AB-09-01-52.234-70 Notice of Earned Value Management System – Pre-Award IBR (Core) (MAR 2009)

As prescribed in paragraph 5 Treasury Special Solicitation Provisions and Contract Clauses (c)(i), insert this provision in solicitations and awards that require the contractor to use an Earned Value Management System (EVMS) and for which the Government requires an IBR *prior to award*.

- (a) The offeror shall provide either documentation that the Cognizant Federal Agency has determined that the proposed earned value management system (EVMS) complies with the EVMS guidelines in ANSI/EIA Standard-748 (ANSI Standard) or documentation that supports its self-validation that the EVMS used for this award complies with Core EVM criteria.
- (b) If the offeror proposes to use a system that has not been determined to be in compliance with the requirements of paragraph (a) of this provision, the offeror shall submit a comprehensive plan for compliance with the EVMS guidelines.
- (1) The plan shall –
 - (i) Describe the EVMS the offeror intends to use in performance of the contracts; Distinguish between the offeror’s existing management system and modifications proposed to meet the guidelines;
 - (i) Describe the management system and its application in terms of the EVMS guidelines;
 - (ii) Describe the proposed procedures for administration of the guidelines, as applied to subcontracts; and
 - (iii) Provide documentation describing the process and results of any third-party or self-evaluation of the system’s compliance with the EVMS guidelines.
 - (2) The offeror shall provide information and assistance as required by the contracting officer to support review of the plan.
 - (3) The Government will review and approve the offeror’s plan for an EVMS before contract award.
 - (4) The offeror’s EVMS plan must provide milestones that indicate when the offeror anticipates that the EVM system will be compliant with the requirements in paragraph (a) of this provision.
- (c) Offerors shall identify the major subcontractors, or major subcontracted effort if major subcontracts have not been selected subject to the guidelines. The prime Contractor and the Government shall agree to subcontractors selected for application of the EVMS requirements.
- (d) The Government will conduct an Integrated Baseline Review (IBR), as designed by the agency, prior to contract award. The objective of the IBV is for the Government and the Contractor to jointly assess technical areas, such as the Contractor’s planning, to ensure complete coverage of the contract requirements, logical scheduling of the work activities, adequate resources, methodologies for earned value (budgeted cost for work performed (BCWP)), and identification of inherent risks.

(End of Provision)

Treasury AB 09-01-1052.234-71 Notice of Earned Value Management System – Post-Award IBR (Core) (MAR 2009)

As prescribed in paragraph 5 Treasury Special Solicitation Provisions and Contract Clauses (c)(ii), insert this provision in solicitations and awards that require the contractor to use an Earned Value Management System (EVMS) and for which the Government requires an IBR *after award*.

(a) The offeror shall provide either documentation that the Cognizant Federal Agency has determined that the proposed earned value management system (EVMS) complies with the EVMS guidelines in ANSI/EIA Standard-748 (ANSI Standard) or documentation that supports its self-validation that the EVMS used for this award complies with Core EVM criteria.

(b) If the offeror proposes to use a system that has not been determined to be in compliance with the requirements of paragraph (a) of this provision, the offeror shall submit a comprehensive plan for compliance with the EVMS guidelines.

(1) The plan shall –

- i. Describe the EVMS the offeror intends to use in performance of the contracts;
- ii. Distinguish between the offeror's existing management system and modifications proposed to meet the guidelines;
- iii. Describe the management system and its application in terms of the EVMS guidelines;
- iv. Describe the proposed procedures for administration of the guidelines, as applied to subcontracts; and
- v. Provide documentation describing the process and results of any third-party or self-evaluation of the system's compliance with the EVMS guidelines.

(2) The offeror shall provide information and assistance as required by the contracting officer to support review of the plan.

(3) The Government will review and approve the offeror's plan for an EVMS before contract award.

(4) The offeror's EVMS plan must provide milestones that indicate when the offeror anticipates that the EVM system will be compliant with the requirements in paragraph (a) of this provision.

(c) Offerors shall identify the major subcontractors, or major subcontracted effort if major subcontracts have not been selected subject to the guidelines. The prime Contractor and the Government shall agree to subcontractors selected for application of the EVMS requirements.

(d) The Government will conduct an Integrated Baseline Review (IBR), as designed by the agency, prior to contract award. The objective of the IBV is for the Government and the Contractor to jointly assess technical areas, such as the Contractor's planning, to ensure complete coverage of the contract requirements, logical scheduling of the work activities, adequate

resources, methodologies for earned value (budgeted cost for work performed (BCWP)), and identification of inherent risks.

(End of Provision)

Treasury AB 09-01-1052.234-72 Core Earned Value Management System (MAR 2009)

As prescribed in paragraph 5 Treasury Special Solicitation Provisions and Contract Clauses (c)(iii), insert this clause in major investment solicitations and awards with DME that require a contractor to use an EVMS.

a. The Contractor shall use an earned value management system (EVMS) that has either been determined by the Cognizant Federal Agency (CFA) to be compliant with the guidelines in ANSI/EIA Standard-748 (current version at the time of award) or documentation that supports its validation that the EVMS used to manage this contract meets the following ANSI/EIA-748 criteria:

1. (ANSI #1) Define the authorized work elements for the program. A work breakdown structure (WBS), tailored for effective internal management control, is commonly used in this process.
2. (ANSI #2) Identify the program organizational structure including the major subcontractors responsible for accomplishing the authorized work, and define the organizational elements in which work will be planned and controlled.
3. (ANSI #3) Provide for the integration of the company's planning, scheduling, budgeting, work authorization, and cost accumulation processes with each other, and as appropriate, the program WBS and the program organizational structure.
4. (ANSI #6) Schedule the authorized work in a manner that describes the sequence of work and identifies significant task interdependencies required to meet the needs of the program.
5. (ANSI #7) Identify physical products, milestones, technical performance goals, or other indicators that will be used to measure progress.
6. (ANSI #8) Establish and maintain a time-phased budget baseline, at the control account level, against which program performance can be measured. Initial budgets established for performance measurement will be based on either internal management goals or the external customer negotiated target cost including estimates for authorized but vaguely defined work. Budget for far-term efforts may be held in higher-level accounts until an appropriate time for allocation at the control account level. On government contracts, if an over-target baseline is used for performance measurement reporting purposes, prior notification must be provided to the customer.
7. (ANSI #16) Record direct costs in a manner consistent with the budgets in a formal system controlled by the general books of account.

8. (ANSI #22) At least on a monthly basis, generate the following information at the control account and other levels as necessary for management control using actual cost data from, or reconcilable with, the accounting system:
 - Comparison of the amount of planned budget and the amount of budget earned for work accomplished. This comparison provides the schedule variance.
 - Comparison of the amount of the budget earned and the actual (applied where appropriate) direct costs for the same work. This comparison provides the cost variance.
9. (ANSI #27) Develop revised estimates of cost at completion based on performance to date, commitment values for material, and estimates of future conditions. Compare this information with the performance measurement baseline to identify variances at completion important to management and any applicable customer reporting requirements, including statements of funding requirements.
10. (ANSI #28) Incorporate authorized changes in a timely manner, recording the effects of such changes in budgets and schedules. In the directed effort prior to negotiation of a change, base such revisions on the amount estimated and budgeted to the program organizations.

If the Contractor's current EVMS has not been determined compliant at the time of award, see paragraph (b) of this clause. The Contractor shall submit reports in accordance with the requirements of this contract.

(b) If, at the time of award, the Contractor's EVM System has not been determined by the CFA as complying with EVMS guidelines or the Contractor does not have an existing cost/schedule control system that is compliant with the guidelines in paragraph (a), the Contractor shall –

- (1) Apply the current system to the contract; and
- (2) Take necessary actions to meet the milestones in the Contractor's EVMS plan approved by the contracting officer.

(c) The Government will conduct an Integrated Baseline Review (IBR). If a pre-award IBV has not been conducted, a post award IBR shall be conducted as early as practicable after contract award.

(d) The contracting officer may require an IBR at –

- i. Exercise of significant options; or
- ii. Incorporation of major modifications.

(e) Unless a waiver is granted by the CFA, Contractor proposed EVMS changes require approval of the CFA prior to implementation. The CFA will advise the Contractor of the acceptability of such changes within 30 calendar days after receipt of the notice of proposed changes from the Contractor. If the advance approval requirements are waived by the CFA, the Contractor shall

disclose EVMS changes to the CFA at least 14 calendar days prior to the effective date of implementation.

(f) The Contractor shall provide access to all pertinent records and data requested by the contracting officer or a duly authorized representative as necessary to permit Government surveillance to ensure that the EVMS conforms, and continues to conform, with the performance criteria referenced in paragraph (a) of this clause.

(g) The Contractor shall require the subcontractors specified below to comply with the requirements of this clause: [Insert list of applicable subcontractors].

(End of Clause)

Questions about this AB may be directed to Karen Davis at Karen.davis@do.treas.gov or (202) 622-2092.

REFERENCES:

OMB A-11 - <http://www.whitehouse.gov/omb/circulars/a11/2002/part7.pdf>

Department of the Treasury EVM Guide –

<http://hqapps.treas.gov/CPICResourceCenter/Earned%20Value%20Management/Forms/AllItems.htm>