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U.S. Department of Energy Earned Value Management Program Update

**NDIA Program Management Systems
Committee Meeting
August 25, 2004**



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DOE Requirements

- EVMS required for all acquisition projects >\$20M
- Contractor/Supplier system acceptance required (~>\$50M)



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EVMS Implementation Status

- Increasing attention given to EVM by programs and contractors
- Most DOE suppliers are employing EVM but vary in level of maturity
- Reviews are a key forcing function for change
- FAR clause will provide added emphasis



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DOE Contractor EVMS Acceptance Process

- DOE-DCMA Interface
 - DOE establishes priorities
 - DCMA leads review and issues acceptance recommendation to DOE
 - Scope and schedule developed in collaboration with suppliers
- Priorities
 - Major systems
 - At risk programs
 - Priority driven by supplier readiness
- DCMA critical to success of EVM acceptance program
 - Review leadership
 - Consistent, repeatable process
 - Continuous process improvement
 - Common framework across agencies is good for the agencies and the suppliers
- Continuing to refining program and process



The Continuing Challenge

- Steep learning curve for some suppliers in EVM concepts and processes
 - Universities
 - Large construction contractors
 - Environmental remediation contractors
- Culture and management processes are greatest obstacles
 - Level-of-effort versus discrete identification of tasks
 - Non-product oriented Work Breakdown Structures
 - Fixed price
 - Accrual accounting
- Learning curve is lower for DOE systems acquisition programs



- Reduce obstacles to implementation of EVM due to culture in traditional “construction” and remediation management methods.
- Focus on topical areas of concern
 - WBS, Point adjustments, methodology, timing, fixed-price work, PMB development, et al
- Intended to smooth learning curve in DOE
- Guide nearly complete and undergoing internal review



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New Challenge – Standardized Performance Reporting

- Current reporting is ad hoc
 - Some reporting at Level 3 of CWBS
 - Most reporting at Level 1 of PWBS
 - Others somewhere in between
- Need a common policy and a common collection mechanism
- Assessing alternatives (CPRs)



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New Challenge – Certification of Small Projects

- Little benefit in assessing EVMS for projects < \$50M
 - Short project lifecycle
 - Often less risk (IT is exception)
- Certification of contractor EVMS below < \$50 M not a priority
 - Industry EVM consultants are supporting assessments for DOE contractors
 - Some in-house DOE assessments (IT)
- Would support development of 3rd party certification process when community is ready
- Beginning development of contractor self-assessment concept and process



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Summary

- EVM implementation and compliance review is continuing
- Slow but real progress evident
- Need to tackle reporting and small project certification to round out the program