

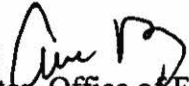


OFFICE OF FEDERAL
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 23, 2015

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS
SENIOR PROCUREMENT EXECUTIVES

FROM: Anne Rung 
Administrator, Office of Federal Procurement Policy

SUBJECT: Reducing the Burden of Certifying Earned Value Management Systems

During last year's Open Dialogue on Federal Procurement, many stakeholders noted that reducing duplicative processes is one way to improve the efficiency and effectiveness of our acquisition practices.¹ For example, individual agency certification of contractors' Earned Value Management Systems (EVMS) is often repetitive and expensive. The purpose of this memorandum is to improve how agencies manage this process by encouraging certification reciprocity.

Federal Acquisition Regulation Subpart 34.2 requires a contractor that receives an award for a major acquisition for development to have an EVMS that complies with the criteria in the American National Standards Institute/Electronic Industries Alliance (ANSI/EIA) Standard 748. Implemented properly, the EVMS will provide an early warning of cost overruns and schedule delays. However, the cost of certifying the system as ANSI/EIA-748 compliant can be significant. Depending on the rigor of the review and other variables, the cost of a certification can exceed \$1 million. In addition, a contractor that achieves certification for its system at one agency may not be recognized by other agencies as having a compliant system and may be required to complete yet another costly certification process.

Contractors have observed that certification processes used by some agencies are similar. Recognition of another agency's certification, as appropriate, would eliminate duplicative compliance reviews and result in a cost savings for both the contractor and the taxpayer.

Accordingly, agencies are encouraged to enter into reciprocal agreements with other agencies and to post their EVM processes and procedures on their public websites. Sharing information should help identify redundancy in the certification processes. If an agency determines that its certification process is substantially similar to the certification process of another agency, the agency should consider whether it is feasible to enter into an agreement with

¹ OFPP is conducting a second open dialogue this year to get feedback on steps to ease contractor reporting and related measures. The link to the National Dialogue: Improving Federal Procurement and Grants Process is <https://cxo.dialogue2.cao.gov/>

the other agency for the mutual recognition of the EVMS certification. Agreements should be drafted in accordance with agency procedures and specify the standard that is being used to determine compliance. A sample template developed by a joint industry-government collaboration is attached for reference only.

If you have any questions, contact Jim Wade in OFPP at 202-395-2181 or jwade@omb.eop.gov.

Attachment

**TEMPLATE FOR A
MEMORANDUM OF UNDERSTANDING
CONCERNING
RECIPROCAL RECOGNITION OF A SUPPLIER'S
EARNED VALUE MANAGEMENT SYSTEM**

PREAMBLE

AGENCY 1, AGENCY 2 and AGENCY 3 (herein referred to as the "Participants"):

NOTING the requirements of Federal Acquisition Regulation (FAR) Part 34 (Major System Acquisition) and Office of Management and Budget (OMB) Circular A-11 (Preparation, Submission and Execution of the Budget) for major acquisitions for development to have an Earned Value Management System (EVMS) that has been determined to be in compliance with the current version of American National Standards Institute (ANSI) Electronic Industries Alliance (EIA) Standard 748 (hereinafter called "ANSI/EIA-748");

DESIRING to eliminate unnecessary or duplicative processes;

DESIRING to increase efficiency and reduce costs;

DESIRING to reduce barriers and burdens to contracting with the Federal Government;

HAVE ARRANGED as follows:

**SECTION 1
Definitions**

For the purpose of this Memorandum of Understanding (MOU), the definitions in the FAR, OMB Circular A-11 and the current version of ANSI/EIA-748 will apply.

**SECTION 2
Purpose**

This MOU intends to eliminate duplicative ANSI/EIA-748 compliance reviews by establishing the mutual recognition or reciprocity of the reviews among the Participants.

**SECTION 3
Implementation and Management**

This MOU will be implemented and managed by the Participants.

If a supplier demonstrated compliance of its EVMS with all ANSI/EIA-748 guidelines to a Participant (e.g., approval by the Cognizant Federal Agency [CFA] in accordance with agency procedures or the Contracting Officer in the absence of a CFA) within the last five years, the other Participants will recognize the supplier's EVMS as ANSI/EIA-748 compliant provided that the system is continuously maintained. Typical evidence of system maintenance are EVMS Surveillance Plans and EVM System Revision Procedures.

If a supplier demonstrated compliance of its EVMS with only certain appropriate ANSI/EIA-748 guidelines to a Participant within the last five years, the other Participants will recognize the supplier's EVMS compliance with the specified ANSI/EIA-748 guidelines provided that the system is continuously maintained by the organization cited in the compliance recognition documentation. In this case, before recognizing the supplier's EVMS as fully compliant, another Participant will only require a supplier to demonstrate compliance with any remaining relevant criteria.

The MOU will be executed in accordance with agency procedures. A supplier's EVMS compliance with the ANSI/EIA-748 guidelines will be determined by a Participant in accordance with the standards established in [INSERT NAME OF STANDARD such as "DOD Integrated Program Management EVMS Interpretation Guide"].

Participants will retain signed copies of this MOU and make them readily available to other agencies and share any relevant documentation, best practices and lessons learned.

**SECTION 4
Cost of Participation**

Each Participant will be responsible for the cost of its participation in this MOU.

**SECTION 5
Extension of Participation**

By mutual consent of the Participants, this MOU may be expanded to include other Federal agencies. Unless the Participants otherwise mutually determine, the terms of participation will be the same as for the Participants.

**SECTION 6
Duration, Amendment and Termination**

This MOU will remain in force indefinitely, subject to modification by mutual agreement or termination by either party.

SIGNATURES and DATES