USDA

United States
Department of
Agriculture

Office of the Chief
Information Officer

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TO: Agency Heads
Agency Chief Information Officers

FROM: Scott Charbo
Chief Information Officer SEP 29 2004

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SUBJECT: Earned Value Management Requirements for Major Information Technology Investments

The purpose of this memorandum is to highlight the requirement for all Agency Heads to implement Earned Value Management (EVM) on major information technology (IT) investments. EVM is not a specific system or tool set, but rather, a set of guidelines for a management control system. Put in practice, EVM is a management tool used by both contractor and government program managers to have visibility into technical, cost and schedule progress on their investments. EVM has proven to be an accepted management practice for well over 25 years.

Dedicated use of the EVM approach in managing USDA major IT investments will ensure that a common, effective set of measurement standards are in place for assessing project performance, status and progress.

Background

Office of Management and Budget (OMB) Circular A-11 requires that major IT investments categorized as either in Development/Modernization/Enhancement or Mixed Life Cycle will use an EVM approach that conforms to American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) Standard 748, "Earned Value Management Systems." Investments will, through application of EVM, show how close the project is to meeting the approved cost, schedule and performance goals. In addition, if the investment cost, schedule or performance variances are ten percent or greater, OMB requires the concurrence of the Secretary in the need to continue the investment.

Due to variations in organization, products, and working relationships, it is not feasible to prescribe a universal system for cost and schedule control, relative to the scope of an investment. Earned Value Criteria (http://www.acq.osd.mil/pm/faqs/criteria.htm) will help in determining whether earned value management systems in place for each investment are acceptable.

Specific Requirements

1. All Agency Heads are responsible for implementing an ANSI/EIA Standard 748 compliant process for major IT investments with significant development/modernization costs by October 30, 2004 or providing a definitive plan for when it will be fully implemented.

2. All Agency Chief Information Officers (CIO) will work with the Project Managers of major IT investments to ensure that they identify in their contract requirements and specifications the specific information needed from the contractor to support EVM. Additionally, the Project Managers must also capture similar data for government expenses to enable the use of EVM.

3. The Project Managers for major IT investments will report monthly to the Departmental CIO on planned versus actual cost and schedule information through updates to the project plan included in the Department of Agriculture's (USDA) project and portfolio management system (currently WorkLenz). These updates should be completed by the fifth working day of each month for the previous month. The Office of the Chief Information Officer will review and store the monthly data to monitor progress of the major IT investments and use the data to report to OMB as required.

Assistance in implementing this requirement will be provided by the Departmental CIO staff. USDA is using WorkLenz as its software tool to support EVM and reporting. Additional training for using WorkLenz to support EVM and reporting will be provided in the coming months. Training on EVM is also available as part of the Department's ongoing Project Management classes as well as from a variety of external sources, including the Project Management Institute's College of Performance Management.

Summary

USDA's ability to effectively manage its IT investments, wisely use it resources, and support its annual budget requests with required project information, will greatly enhance its ability to acquire needed funding and meet its goals and objectives. If you have any questions concerning the subject of EVM and related requirements, please have your staff contact Marilyn Holland, Acting Associate CIO for Information Resources Management at 202-720-5865.

cc: Head of the Contracting Activity Designees