

SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING

PART 334—MAJOR SYSTEM ACQUISITION

Subpart 334.2—Earned Value Management System

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Subpart 334.2—Earned Value Management System

334.200 Definitions.

As used in this subpart, the following definitions shall apply:

Full EVMS means tracking and reporting of both the cost and schedule aspects of a contract using the principles and guidelines described in ANSI/EIA Standard-748, Earned Value Management Systems (using the version of the Standard that is in effect at the time of the solicitation).

Partial EVMS means tracking and reporting of only the schedule aspects of a contract using the principles and guidelines described in ANSI/EIA Standard-748, Earned Value Management Systems (using the version of the Standard that is in effect at the time of the solicitation).

334.201 Policy.

(a) For acquisitions for development designated as major in accordance with both OMB Circular A-11 and HHS policy on major acquisitions; for acquisitions that involve substantial development, modification or enhancement; or for acquisitions that involve significant upgrade of operational or steady state systems or programs, use of an Earned Value Management System (EVMS) is required as follows:

(1) For individual cost-reimbursement or fixed-price-incentive contracts (with incentive based on cost) valued

at \$10 million to \$25 million, including options, full EVMS (as defined in 334.200) is required and the contractor's EVMS shall comply with the guidelines in ANSI/EIA Standard-748.

(2) For individual firm-fixed-price, term form (level-of-effort) of any type, time-and-materials, or labor-hour contracts valued at \$10 million to \$25 million, including options, partial EVMS (as defined in 334.200) is required and the contractor's EVMS shall comply with the guidelines in ANSI/EIA Standard-748.

(3) For individual cost-reimbursement or fixed-price-incentive contracts (with incentive based on cost) valued at more than \$25 million, including options, full EVMS (as defined in 334.200) is required and the contractor's EVMS must be formally validated and accepted by the Government—*i.e.*, the contractor's Cognizant Federal Agency (CFA), as defined in FAR 2.101 and described in FAR 42.003).

(4) For individual firm-fixed-price, term form (level-of-effort) of any type, time-and-materials, or labor-hour contracts valued at more than \$25 million, including options, partial EVMS (as defined in 334.200) is required and the contractor's EVMS must be formally validated and accepted by the Government—*i.e.*, the contractor's CFA.

(5) For individual contracts of any type valued at less than \$10 million, including options, full or partial EVM application, as appropriate to the contract type involved, is optional. The recommendation to use EVM should be based upon a risk analysis by the Program Manager/Project Officer. A decision to use EVM at this level requires the prior approval of the cognizant HCA.

(b) EVM is not required, but may be applied with prior written approval of the HCA, on contracts of any dollar amount meeting either of the following criteria:

(1) The acquisition is for non-developmental support services (e.g., program office support, Independent Verification & Validation services), steady state operations, basic and applied research, and routine services