



June 7, 2005

Via E-mail

General Services Administration
Regulatory Secretariat (VIR)
1800 F Street, N.W.
Room 4035
ATTN: Laurieann Duarte
Washington, DC 20405

**Re: FAR Case 2004-019; Earned Value Management Systems,
70 Fed. Reg. 17945 (April 8, 2005)**

Dear Ms. Duarte:

The Information Technology Association of America (“ITAA”) ^{1/} and the Professional Services Council (“PSC”) ^{2/} are pleased to submit these joint comments in response to the proposed rule dated April 8, 2005 (70 Fed. Reg. 17,945) to amend the Federal Acquisition Regulation (the “FAR”) to implement an earned value management system (“EVMS”) policy Government-wide. Both ITAA and PSC support the Federal Government’s objective of tracking and analyzing cost, performance, and schedule goals for all major acquisitions. Although EVMS is by no means a cure-all with respect to project management, we do believe EVMS is a useful tool for Government purchasers and contractors in assessing whether large, complex programs are realizing these objectives.

^{1/} ITAA provides global public policy, business networking, and national leadership to promote the continued rapid growth of the IT industry. ITAA consists of over 400 corporate members throughout the U.S. and a global network of 50 countries' IT associations. The Association plays the leading role in issues of IT industry concern, including information security, taxes and finance policy, digital intellectual property protection, telecommunications competition, workforce and education, immigration, online privacy and consumer protection, government IT procurement, human resources and e-commerce policy. ITAA members range from the smallest IT start-ups to industry leaders in the Internet, software, IT services, ASP, digital content, systems integration, telecommunications, and enterprise solution fields. For more information visit www.ita.org.

^{2/} PSC is the leading national trade association that represents companies of all sizes providing professional and technical services to virtually every agency of the Federal Government, including information technology, engineering, logistics, operations and maintenance, consulting, international development, scientific, environmental and social sciences.

Government-wide implementation of EVMS, however, does pose some difficult issues. One significant issue facing the Government pertains to the significant amount of training of Government personnel that will be necessary to ensure the effective and consistent implementation of EVMS and integrated baseline reviews (“IBRs”) across the Government and the effective use of the data produced during contract performance by a contractor’s EVMS. ITAA and PSC urge the FAR Councils to ensure that adequate training, including the requisite funding, is in place prior to implementing any final rule.

In addition, the proposed rule poses several issues and concerns involving the significant costs of implementation (and the resulting impact on small and medium-size businesses), the protection of competition-sensitive data, any application of EVMS beyond cost-based contracts, and the scope of the Government’s audit rights with respect to EVMS-related data. Each of these issues and concerns are discussed in detail in Sections I through VI below.

Our comments are organized as follows. Section I presents our opinion that a requirement for an IBR prior to contract award would not be in the Government’s interests for several reasons, including:

- Pre-award IBRs will fail to address changes to a contractor’s performance plan and budget as a result of negotiations prior to award or refinements made after award.
- Pre-award IBRs will pose a significant risk that competition-sensitive or source-selection information relating to one offeror’s proposal could be disclosed inadvertently by Government personnel if personnel are permitted to participate in IBRs of multiple offerors engaged in the competition or if members of the IBR teams are permitted to serve on a source selection evaluation panel. Additional “firewall” mechanisms between Government personnel (and support contractors engaged in IBRs or source selection activity) would be necessary to mitigate the risk of inadvertent disclosure.
- Many potential offerors will be discouraged from competing for contracts associated with major acquisitions if no contract mechanism is in place to ensure that offerors will be reimbursed for the costs incurred in connection with the IBRs.

If the FAR Councils nonetheless believe that the benefits to be derived from pre-award IBRs outweigh these negative factors, we urge the Councils to adopt a modified approach to the IBR as discussed in Section I.D. below.

Section II presents our view that commercial-item contracts and subcontracts should be exempt from the proposed EVMS requirements.

Section III explains why the proposed EVMS requirements should apply solely to cost-reimbursement and incentive-type contracts, subcontracts, and intra-governmental work agreements.

Section IV presents our joint recommendations on how the EVMS rule can be structured to mitigate any adverse impact on small and medium-sized businesses, including establishing prime-contract and subcontract thresholds tied to EVMS applicability and establishing a contract mechanism through which a contractor's costs incurred in implementing a contract's EVMS requirements may be recovered.

Section V contains our suggested revisions to the audit-rights provision set out in proposed clause 52.234-X3, which we believe is overly broad.

Finally, Section VI sets out our view that the language of proposed clause 52.234-X3(d) would require the approval by multiple administrative contracting officers of any proposed changes to a contractor's EVMS, leading to potential confusion and increased cycle time for system changes.

Considering the complexity of these and other issues relevant to the proposed rule, both ITAA and PSC strongly recommend that the FAR Councils hold one or more public hearings on this issue, followed by another proposed rule, prior to finalizing any rule.

I. Integrated Baseline Reviews Prior to Contract Award Would Not Further the Government's Interests.

The aspect of the proposed rule that poses the greatest concern to ITAA and PSC involves the Councils' proposal to authorize IBRs *prior to contract award*. Traditionally, Government agencies (mainly Department of Defense ("DoD") agencies and NASA) required IBRs only after a contract has been awarded. Also, current DoD policy provides for the application of IBRs solely in the post-award context. We believe that use of IBRs to date has been limited to the post-award context for good reason. As explained below, attempting to perform IBRs prior to contract award poses several issues that seem to outweigh the potential benefits.

A. Pre-Award IBRs Would Fail to Accurately Reflect the Contractor's Final Performance Plan and Budget.

For an IBR to be meaningful, it must accurately reflect the plan for performance. In this regard, a key element of every IBR is the assessment of a performance measurement baseline ("PMB"). PMBs are intended to be complete, time-phased budget plans against which program performance is measured. Budgets assigned to the schedule control accounts and to higher-level contract work breakdown structure elements, applicable indirect budgets, and undistributed budgets form the PMB budget plan. Importantly, a PMB should reflect the contractor's entire work plan; otherwise, it will not accurately measure performance. The level of detail that is required to establish an accurate PMB, however, normally does not exist during the proposal process.

Along these same lines, performance plans often change during contract negotiations in response to Government comments, leading to decrements in proposed budgetary values (e.g., at the time of final proposal revisions). "Major acquisitions" typically pertain to complex projects,

and as such it is often necessary to refine contract requirements and clarify, or modify, technical approaches during the proposal discussion phase and/or after contract award as the contractor refines its approach based on further analysis and discussion with the Government customer. An IBR that accurately reflects the risks inherent in a proposed approach is only possible after the contractor's proposed approach and associated budget plan have been finalized and accepted by the Government.

This point is readily illustrated through an examination of the objectives for EVMS set out in the proposed FAR 34.X02.

- *IBRs are meant to “verify the technical content and realism of the related performance budgets and schedules.”* This objective cannot be met pre-award because the budget baseline has not been established yet. The task assessments or basis of estimates have not been segregated into control accounts, and therefore, assessing the adequacy of the budget baseline would need to be performed again after the baseline is finalized, which necessarily occurs following contract award. In addition, the detailed schedule usually is developed only after contract award. This is for good reason—developing a detailed schedule prior to contract would demand a vast undertaking. These tasks would be a duplication of effort and would add cost.
- *IBRs are intended to “provide mutual understanding of the inherent risks in offeror's/contractor's performance plans and the underlying management control systems.”* This objective cannot be met through a pre-award IBR because, prior to contract award, neither the contractor nor the Government can be reasonably sure that they have accounted for all material risks associated with the statement of work (“SOW”). For example, agency budget constraints could lead the purchasing agency and contractor to pull back on performing certain technical tasks, resulting in an increase in technical risks.
- The proposed FAR policy further provides that “[t]he IBR is a joint assessment by the offeror or contractor, and the Government, of the ...[a]bility 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.” An IBR so defined cannot exist pre-award—the PMB has not been established, so the contractor and the Government cannot assess whether it is accurate. Moreover, as a result of changes to, and finalization of, the PMB, another IBR would be required shortly following contract award, rendering much of the pre-award IBR work redundant.

B. Pre-Award IBRs Pose Technical-Leveling Concerns.

In addition, both ITAA and PSC are concerned that pre-award IBRs substantially increase the risk of technical leveling and raise potential procurement-integrity issues. Specifically, the IBRs will pose the risk that competition sensitive or source-selection information about one offeror could be inadvertently disclosed to a competitor through the IBR process.

IBRs involve the participation of both Government and contractor personnel. With pre-award IBRs, if Government personnel (and its contracted advisors) are assigned to multiple pre-award IBRs during a competition, a significant risk would arise that an understanding of one offeror's approach gained by a Government employee through an IBR could be disclosed inadvertently to a competitor during that competitor's IBR. Having such personnel assigned to multiple IBRs would place them in the difficult position of having to segregate in their heads competition-sensitive information of multiple offerors.

The only way to mitigate this risk to a reasonable degree would be to establish separate Government teams for each offeror as part of the IBR process. Moreover, each IBR team should be separate from the source-selection evaluation process to help ensure no inadvertent disclosures of source-selection information. A firewall to restrict the flow of information across IBR teams and to and from personnel assigned to the source-selection function also will be necessary. Although these safeguards will be expensive in terms of cost and drain on government manpower, contractors will be disinclined to engage in the pre-award IBR process unless such safeguards are in place.

Finally, pre-award IBRs raise additional concerns regarding the protection of contractor data from teammates that may be part of multiple bidding teams. Pre-award IBRs pose further problems where they require the involvement of a major subcontractor and the prime contractor desires to restrict access by the subcontractor to the prime contractor's information because the subcontractor may be teaming with other prime contractors in the instant or related competitions.

C. Potential Offerors May Be Discouraged from Competing if Costs Incurred in Connection with Pre-Award IBRs Are Not Reimbursed.

Many potential offerors will likely be discouraged from competing for contracts associated with major acquisitions if no contract mechanism is in place to ensure that the offeror will be reimbursed its costs incurred as part of a pre-award IBR. The commentary that accompanied the proposed rule, however, suggests that procuring agencies may require companies to absorb the cost of a pre-award IBR. *See* 70 Fed. Reg. 17945, 17946 (April 8, 2005) ("Small businesses may be impacted by their lack of certification of an EVM System at time of award or the cost of the requirement for an IBR prior to award *where an agency does not absorb the cost of the IBR.*" (Emphasis added)).

The costs incurred and the drain on contractor personnel resources to conduct an IBR can be very significant. If the Government insists upon a pre-award IBR, fairness dictates that a contract mechanism be established through which the offeror recovers the cost of performing the

IBR. For small businesses and other firms that do not compete for major acquisitions regularly or are new to the Government market, it is especially important that the costs of performing an IBR be recoverable immediately, rather than being allocable through overhead to future contracts that may never materialize. We recommend that the Councils amend the proposed rule to provide a mechanism through which contractors can directly charge to the applicable contract the cost of conducting a pre-award IBR. One possible approach would be to permit “pre-award IBRs” only when funded by separate contracts as part of a down-select phase of a competition.

D. If a Pre-Award Review is Necessary, a Modified IBR Approach Should Be Used.

If the Government insists that a pre-award review mechanism is necessary, we strongly recommend that it be limited to a modified IBR approach. Such a modified IBR approach would target only the following objectives:

- **Assess the SOW:** ensure that both parties understand and agree to the SOW as stated;
- **Assess the contractor’s approach to ANSI/EIA-748:** allow the Government customer to determine whether it is satisfied with the contractor’s systemic approach to ANSI/EIA-748;
- **Assess the contractor’s scheduling process:** ensure that the contractor has adequate processes in place to maintain, track, and report significant schedule conditions to the Government customer;
- **Assess the contractor’s risk management process:** allow the Government customer to validate that the contractor has adequate policies and procedures in place to assess, track, quantify, and report cost and schedule risks;
- **Assess the contractor’s business systems:** allow the Government customer to verify that the business systems in place at the contractor’s facility are adequate to report performance and maintain control over costs of the program, provided that this requirement should not apply if the contractor’s business systems have been approved by a Government audit agency (e.g. DCAA);
- **Assess resource requirements:** allow the Government customer to validate that the contractor has the ability to increase or maintain the staff and resources to support the technical and business requirements of the program.

II. Commercial Item Contracts and Subcontracts Should Be Exempt From the Proposed EVMS Requirements.

Commercial-item contracts and subcontracts should be exempt from the proposed EVMS requirements. The acquisition reforms of the 1990s—including the Federal Acquisition Streamlining Act of 1994 (“FASA”) and the Clinger-Cohen Act—mandate that Government agencies adopt practices and impose requirements that are consistent with customary commercial

practice to the maximum extent practicable. Following these reforms, the law currently requires that:

- Government purchasing agencies define their requirements so that, to the maximum extent practicable, the procurement results in the acquisition of a commercial item;
- Government purchasing agencies revise, to the maximum extent practicable, their procurement policies, practices, and procedures not required by law to reduce impediments to the acquisition of commercial items; and
- Government purchasing agencies ensure that commercial item contracts contain only those terms and conditions that are required by law or that are customary in the commercial marketplace.

These statutory requirements have been implemented in FAR Part 12.

Contractual EVMS requirements are not customary within the commercial market. Although EVM as a project-management tool increasingly is being applied on commercial projects, most commercial companies neither have the infrastructure nor the knowledge to implement an EVMS, and EVMS is rarely a commercial contractual requirement. Applying the proposed EVMS requirements to commercial-item contracts and subcontracts would pose a large impediment for many commercial companies that otherwise are inclined to compete for major acquisitions. The reduced competition could lead to increased costs and reduced innovation for the goods and services purchased by the Government.

In addition, the applicable statutes and regulations require that commercial-item contracts be priced on a firm-fixed price, fixed-price with economic price adjustment, time-and-materials or labor hours basis. As discussed in Section III below, the FAR Councils should also exclude these contract types from the EVMS requirements.

III. The Proposed EVMS Requirements Should Apply Only to Cost Reimbursement and Incentive Type Contracts, Subcontracts, and Intra-Governmental Work Agreements.

The proposed EVMS requirements should apply only to cost-reimbursement and incentive-type contracts, subcontracts, and intra-governmental work agreements. The requirements should not be applied to firm-fixed-price, level-of-effort, or time-and-materials efforts, including contracts and subcontracts. The rationale for applying the proposed EVMS requirements to cost or incentive-based efforts is not present for these other contract types.

The type of government oversight necessary for cost-based contracts is not necessary with firm-fixed-price contracts, which, by regulation, are intended to impose minimum administrative requirements upon the contracting parties. *See* FAR § 16.202-1. This contract type places upon the contractor the maximum risk and full responsibility for all costs, thereby providing maximum incentive for the contractor to control costs and perform effectively. A key

control that ensures that the contractor is capable of bearing this risk is that before a contractor is eligible for a contract award, the contracting officer must affirmatively determine that the contractor is a presently responsible contractor. This determination includes finding that the contractor possesses the resources and capabilities required to perform the work. Therefore, under firm-fixed-priced contracts, Government surveillance of the contractor's costs of performing the contract is not necessary. As such, the Government's interest in imposing an EVMS requirement for firm-fixed-price contracts is minimal, at best.

Similarly, EVMS requirements should not be applied to level-of-effort contracts because performance for this contract type is not measured against budget or schedule. Under these contracts, the Government simply is contracting for a fixed amount of labor that is priced in accordance with the contract's terms. Applying the EVMS requirements to these contracts would be wasted effort.

Finally, EVMS should not apply to time-and-materials contracts given the nature of these contracts. By regulation, time-and-materials contracts should be used only when "it is not possible at the time of placing the contract to estimate accurately the extent or duration of the work or to anticipate costs with any reasonable degree of certainty." FAR 16.601(b). An important element of these contracts is a ceiling price that a contractor exceeds at its own risk. FAR 16.601(c). Time-and-materials terms very often are used when fixed-priced terms are not advisable because it is impossible to predict up-front the full extent of the work effort. Due to the inherent uncertainty with respect to the extent or duration of the work, no reliable baseline exists with which to measure performance. Consequently, application of the proposed EVMS requirements is not advisable for time-and-materials efforts.

These recommendations are consistent with the Department of Defense policy announced in Under Secretary of Defense Wynne's memorandum dated March 7, 2005. The memorandum specifically states: "EVM is discouraged on firm-fixed price, level of effort, and time and materials efforts, including contracts, subcontracts, intra-government work agreements, and other agreements, regardless of dollar value." ITAA and PSC urge the FAR Councils to adopt a similar exclusion.

IV. The Proposed Rule Should Seek To Minimize the Impact of the EVMS Requirements on Small to Medium-Sized Businesses.

Both ITAA and PCS are concerned that the proposed EVMS requirements may negatively impact the willingness of small and medium-sized companies to compete for contracts deemed to be major acquisitions. As indicated in Section I.C. above and despite our objections, to the extent that an agency imposes a pre-award IBR requirement, the agency should reimburse the company for those costs incurred in connection with the requirement. If the costs are not reimbursed, the increased competition costs will be prohibitive for many contractors, especially small and medium-size businesses. In addition, we have the following specific suggestions for mitigating the potential harm to small and medium-size businesses.

A. EVMS Validation Should Not Be Required For Contracts Valued at Less than \$50 Million.

As proposed, the rule does not set a fixed dollar threshold at which the EVMS requirements become applicable. Instead, the applicability of the requirements is tied to what the Office of Management and Budget defines as a “major acquisition.” In the interests of clarifying the rule and minimizing its impact on industry, we recommend that the FAR Councils specify dollar amount thresholds tied to EVMS implementation.

Specifically, we recommend that the Councils revise the proposed rule to state that no formal review to validate, certify, or accept the contractor’s compliance with ANSI/EIA-748 shall be required prior to award for contracts valued at less than 50 million in then-year dollars. This recommendation is consistent with Under Secretary of Defense Michael Wynne’s March 7, 2005 memorandum, which applies the formal validation requirement only to contracts valued at more than \$50 million.

This \$50 million threshold is also consistent with the proposed rule’s approach as reflected in the contract clauses in FAR §§ 52.234-X1 and 52.234-X2, which explicitly provide offerors the opportunity to either (1) show that validation by another Federal agency or by an administrative contracting officer has been achieved, or (2) identify how the offeror plans to support the EVMS guidelines. We commend the FAR Councils on this approach and believe that the approach should be carried forward to the third proposed contract clause at FAR § 52.234-X3, which appears to require validation at the request of the administrative contracting officer.

B. EVMS Requirements Should Not Be Applied to Contracts and Subcontracts Valued at Less than \$20 Million, Unless an Exception Is Approved by the Procuring Agency’s Senior Acquisition Executive.

ITAA and PSC both urge the Council to consider stating explicitly that EVMS requirements may not be imposed on contracts valued at less than 20 million in then-year dollars, unless otherwise authorized by the procuring agency’s senior acquisition executive. When such authorization is present for contracts and subcontracts valued at less than \$20 million, only a reduced EVMS reporting burden should be imposed. Although the proposed FAR language does not prescribe any specific EVMS reports or reporting process, it does reference OMB Circular A-11. For contracts valued at less than \$20 million, we recommend that the FAR explicitly reflect that the procuring agency may impose only the minimum reporting requirements necessary for the agency to satisfy its obligations under OMB Circular A-11.

C. The EVMS Rule Should Explicitly State that Contracts Must Permit Recovery of EVMS Costs Allocable to that Contract.

The cost of complying with the EVMS requirements for any particular contract should be directly chargeable to that contract. The EVMS rule should explicitly state that costs to comply with the EVMS, any IBR, and any related reporting requirements posed by a contract and otherwise allocable to that contract may be charged as a direct cost against that contract.

As an example, one way to accomplish this objective would be to include separate contract line item numbers (CLINs) encompassing the contract value to perform any IBR and implement and administer any EVMS requirements that are allocable to the specific contract. For example, both the contractor and the Government program-management teams need to be dedicated to timely and focused planning at contract start to develop a successful plan and lay a strong foundation for PMB change control over the life of the contract. For dynamic programs, this enables the program teams to absorb and manage changes to the PMB more effectively. An initial planning CLIN could be issued under a cost-plus-award-fee structure to assure a collective incentive across the program management teams. The proposal Basis of Estimates (“BOE”) and Integrated Master Schedule (“IMS”) should include appropriate detail to accomplish the initial EVMS and IBR planning effort in this CLIN. Under this suggested approach, the remaining work scope, ongoing EVMS planning and managing, and future IBRs conducted during the life of the program would be contained in other CLINs. The proposal BOEs and IMS should contain the work scope for ongoing EVMS planning and managing and future IBRs planned to be conducted over the life of the contract.

V. The Scope of the Government’s Audit Rights in Proposed Clause 52.234-X3 Is Overly Broad.

The scope of the proposed audit rights contained in proposed clause 52.234-X3 is overly broad. The proposed language would grant contracting officers access to “all pertinent records and data” to “permit Government surveillance to ensure that the EVMS conforms, and continues to conform” with the EVMS performance criteria (70 Fed. Reg. 17945, 17949). Our specific concern is that Government personnel may deem EVMS input or output concerning other customers to be relevant to the question of whether a contractor’s EVMS conforms to ANSI/EIA-748. As such, the proposed FAR language could be read to permit access to records produced by the EVMS that contains contractor proprietary data or the proprietary data of the contractor’s other customers, which may be subject to separate nondisclosure agreements with those customers.

In our view, after the Government approves a contractor’s EVMS, the Government does not need to review the EVMS further unless there is reason to question the EVMS reporting data produced by the contractor to the Government. Even in such a situation, however, the Government’s access to the EVMS records needs to be limited to those records that relate to the specific Government contract or that relate to the contractor’s policies, procedures, and systems

of controls that were implemented in connection with its EVMS, as opposed to the input or output relating to other customers.

Accordingly, we propose the following revisions to FAR § 52.234-X3:

(e) The contractor agrees to provide access to all ~~pertinent~~ records and data requested by the Contracting Officer or a duly authorized representative that reasonably may be deemed pertinent to whether Access is to permit Government surveillance to ensure that the EVMS conforms, and continues to conform, with the performance criteria referenced on paragraph (a) of this clause. ~~Provided, however, this paragraph (e) does not permit the Contracting Officer or a duly authorized representative to seek access to records and data pertaining to the contractor's performance of third-party contracts.~~

These revisions are necessary to protect contractor proprietary information.

VI. Approval of Changes to EVMS by Multiple Administrative Contracting Officers May Cause Confusion and Increase Cycle Time for System Changes.

Finally, ITAA and PSC are concerned that proposed clause 52.234-X3 could result in a requirement or practice that multiple administrative contracting officers review and approve/disapprove a contractor's changes to its EVMS. Specifically, proposed 52.234-X3 provides in part:

(d) Unless a waiver is granted by the ACO or Federal department or agency, Contractor proposed EVMS changes require approval of the ACO or Federal department or agency, prior to implementation. The ACO or Federal department or agency, shall 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 ACO or Federal department or agency, the Contractor shall disclose EVMS changes to the ACO or Federal department or agency at least 14 calendar days prior to the effective date of implementation.

This proposed language is similar to the language located at current DFARS 252.242-7002(d) (Earned Value Management System), which provides:

(d) Unless a waiver is granted by the ACO, Contractor-proposed EVMS changes require approval of the ACO prior to implementation. The ACO shall 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 ACO, the

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

* * *

In the case of the DoD, the agency designated as the Executive Agency for EVMS is the Defense Contract Management Agency (DCMA). The DCMA performs the duties of the ACO in most major-weapons-systems acquisitions. Other acquisitions are supported by EVMS Specialists at lower levels. If a DoD contractor desires to change its EVMS, it may apply to DCMA or the cognizant ACO. The cognizant ACO may then request support from DCMA, if necessary.

The unitary ACO situation in DoD does not exist in the remainder of the government. If a contractor supports several non-DoD departments and agencies (organizations), the proposed clause could be read to require the contractor to submit a request for a system change to all organizations it supports. Each organization would, in essence, have a vote. If all except one organization approves, does the one disapproval override the approving organizations? On the converse, if all organizations except one disapprove, may the contractor use the one approval to make the change?

Under the proposed clause, each agency or department will be responsible for review and approval of EVM Systems. Many of the smaller agencies do not have adequate staffing to appropriately review requests, especially with the increased number of contractors that will have EVM Systems. This will cause a requirement to increase the organizations' budgets or reallocate resources from other mission critical acquisition functions or be regarded as mission without resources causing blanket waivers.

We recommend that the Government establish an executive agent for considering requests for changes to Earned Value Management Systems. This authority is the only way that a unified approval system may be controlled.

Based on the regulatory structure stated in the proposed rule, the Office of Management and Budget could be the executive agent. Alternatively, the Department of Defense currently has an Executive Agent for Earned Value Management Systems in the Defense Contract Management Agency. Given the additional resources to perform the function, that office has the background, knowledge, and processes to perform EVMS surveillance for the government.

Ms. Laurieann Duarte

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ITAA and PSC appreciate this opportunity to provide our comments on this very important issue. The membership of our associations supports the Government's focus on earned value management as a useful management tool for tracking and analyzing project performance. Our comments set out above are not intended to be critical of the proposed rule, but are intended to promote an implementation of a Government-wide earned value management rule that best promotes an effective and efficient procurement system.

We would be pleased to respond to any questions or comments the FAR Councils may have on these comments. Olga Grkavac can be reached at (703) 284-5311 or at ogrkavac@itaa.org. Alan Chvotkin can be reached at (703) 875-8059 or at chvotkin@pscouncil.org.

Respectfully submitted,



Harris N. Miller
President
Information Technology Association of America

Respectfully submitted,



Alan Chvotkin, Esq.
Senior Vice President and Counsel
Professional Services Council