



Australian Government
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Associate Secretary

Earned Value Management in CASG

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Introduction

What we will cover today:

1. First Principles Review (April 2015)
2. Setting the Direction
3. Improving the How
4. The Future

First Principles Review (April 2015)

First Principles What does it say about EVM?

“There has been no consistent application of fundamental tools such as Earned Value Management. Such tools will be required to support the new leadership team.”

Issues for Consideration:

2. Ensure a commercially astute and focused materiel acquisition and sustainment capability, including by:

.....

b.(v) Options for improved project control particularly through the **mandatory** use of Earned Value Management for all elements of projects that meet an appropriate threshold; and

.....



Setting the Direction

What was the DMO policy directive on EVM?

- Previous DMO policy mandated the use of EVM for all projects over \$20 million unless a waiver was granted.
- These waivers weren't managed in a consistent manner and could be asked for with little consideration for the risks that would be introduced to a project.
- This resulted in little consistency in the application of EVM to monitor DMO major projects.
- Those projects that were applying EVM to their contractors weren't consistently using the data generated to drive project management decisions.

Setting the Direction – Tiered EVM

Policy now allows for a tiered application of EVM

Low Risk (Green). Contracts will not require contractors to implement a formal AS4817-2006 compliant EVM system.

Medium Risk (Amber). Contracts will require contractors to implement an EVM system. However, the implementation of EVM should be tailored to reflect the moderate level of risk.

High Risk (Red). Contracts will require contractors to implement an EVM system. Reporting should be at the contractor’s Control Account level with the ability to request detail at the Work Package level whenever drill down is required.

High Significance/ Low Uncertainty	High Significance/ Med Uncertainty	High Significance/ High Uncertainty	Significance
Med Significance/ Low Uncertainty	Med Significance/ Med Uncertainty	Med Significance/ High Uncertainty	
Low Significance/ Low Uncertainty	Low Significance/ Med Uncertainty	Low Significance/ High Uncertainty	
Uncertainty			

Setting the Direction – New requirements

New Policy requirements

Policy Directives:

1. The use of the CASG Earned Value Management Risk Questions and Risk Matrix is **mandatory for determining** if a contract has an **Earned Value Management requirement**.
2. Solicitation documentation with respect to Earned Value Management is to be derived from ASDEFCON templates and **tailored to individual contract requirements**.
3. CASG contracts **are to apply** the Australian Standard for Earned Value Management, AS4817-2006 ‘Project performance measurement using Earned Value’ and the Defence Supplement to AS4817-2006.
4. The Project Manager is **responsible for conducting assurance** on the contractor’s Earned Value Management System to ensure it is implemented in accordance with contractual requirements.
5. The outputs of the contractor’s EVM system **are to be used as inputs** into the project risks and issues management process.

Improving the How - requirements aligned

Project Performance Reviews	Earned Value Management
<ul style="list-style-type: none"> • Helps CASG achieve better outcomes by standardising data collection, management, analysis and presentation • Enables effective decision making by bringing the most important issues to the forefront • Lessons Learned – Improve Assurance 	<p>Ensure contractors use effective internal management control systems; and</p> <p>Integrated Project Managers receive performance data from contractors' systems which:</p> <ul style="list-style-type: none"> • indicates work progress; • properly relates cost, schedule and technical performance; • is valid, timely and auditable; and • supplies managers with a practical level of summarisation that facilitates contract and project management.

Improving the How

Improving the How of doing our business started with the development of updated policy and practice

Policy and Practice

Tools

People and Professionalisation

Governance and Assurance

Improving the How: Policy and Practice

EVM Policy

Policy	Practice	Application	The Future
Tiered EVM policy directive is published on CASG Business Management System and available to the community.	A process map has been published on BMS. More detailed guides for undertaking an Integrated Baseline Review and doing EVM data analysis are available.	Application of the policy will be for projects that are developing for Government approval. Projects that have their contractual arrangements in place will not be effected.	Working to embed the policy directive in the organisation and work with pre-Gate 2 projects on how to implement.



Improving the How: Tools

EVM Tools

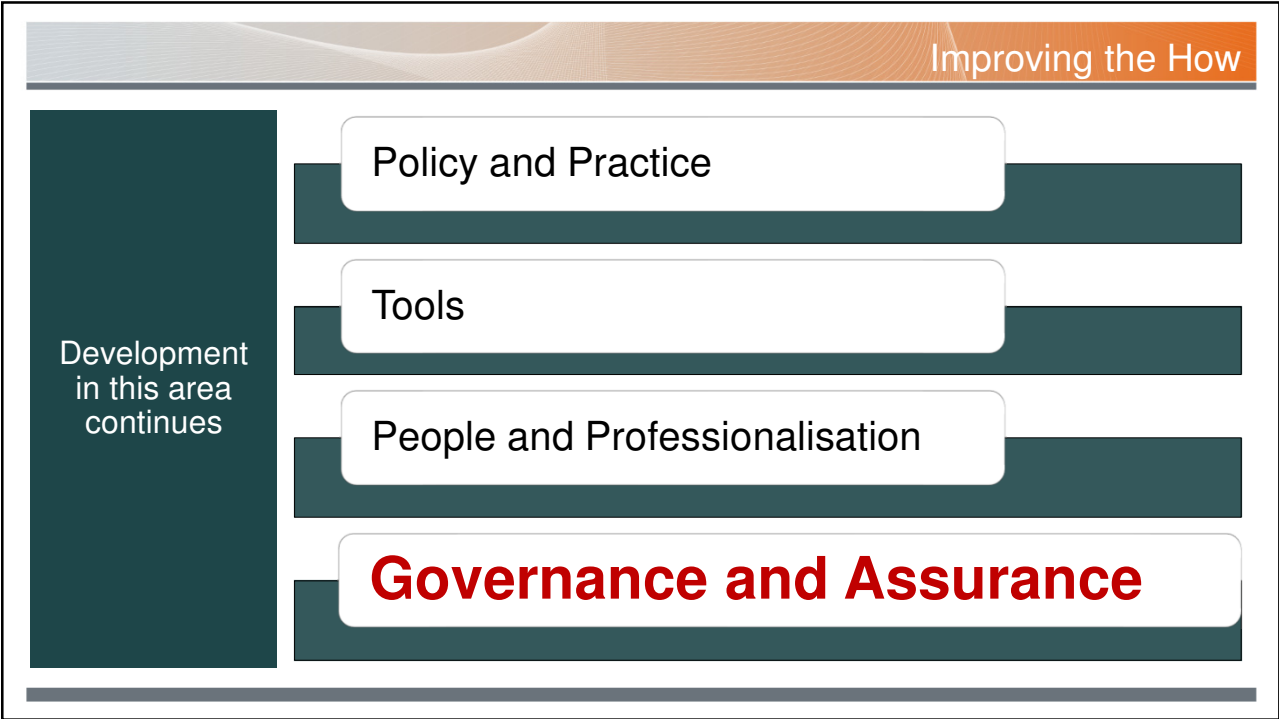
Background	Purpose	What do we have	The Future
Improvements to practice can be supported by tools to enable CASG cost estimation community to develop and analyse contractor EVM data.	Tools are needed to: <ol style="list-style-type: none"> Analyse project EVM data for cost and schedule variations; and Be able to collate and report information to enable Executive decision making. 	Tools available at this time are: <ol style="list-style-type: none"> Standard EVM reports as supplied by the contractor. PPR is to enable project managers to fully understand their project performance and lead to better risk based decision making. 	Setting requirements for CASG on what system is needed to receive and analyse contractor reports to feed PPR and drive decision making.



Improving the How: People and Professionalisation

Training and Career Planning

Background	What do we have	Current Initiatives	The Future
<p>People are our most valuable resource and CASG has organised itself into Functions to support our people in their training needs, career planning and be able to respond quickly to changing priorities.</p>	<p>Project Controls Career Pathways have been published.</p> <p>Training on Introduction to EVM is available on CAMPUS.</p>	<p>Working to better define the role of a "Cost Forecaster" in CASG to further develop the career pathways and identify training needs.</p>	<p>Training gap identification and development of training to fill those gaps if needed.</p>



Improving the How: Governance and Assurance			
Governance and Assurance			
Background	What do we have	Current Initiatives	The Future
To enable any new practice and embed it into the business we need to set up Governance Frameworks and Assure that business is being followed. If we get this right it will also provide valuable feedback to enable continuous improvements.	Projects that are developing to Government approval go through Defence committees and assurance reviews to ensure they have a robust business case.	Establishment of Performance Reviews (PPR).	Development of a framework to monitor what EVM tier projects are working to. Flow this tier into how to integrate the contractor data into our reporting constructs.

