

Pratt & Whitney Joins 5% Withhold Club

Written by Nick Sanders

Thursday, 10 October 2013 00:00

This week Aviation Week & Space Technology [reported](#) that DCMA has decided to start withholding 5% of its payments to United Technology's Pratt & Whitney subsidiary because of significant deficiencies in the company's Earned Value Management System (EVMS). AWST reported—

EVMS decertification is not an indictment of a company's technology or ability to deliver quality equipment. It does, however, indicate an inability of the Pentagon to certify the data on a company's progress in executing programs. This means that the data could be flawed. 'The EVM requirement is meant to protect taxpayers from overbilling and focuses on the business systems defense companies use to estimate costs for bids; purchase goods from subcontractors; manage government property and materials; and track for costs and schedule progress,' said [the spokesperson for the F-35 Joint Program Office].

Yeah. That last part confused us as well. We'll just assume he meant to describe the Business System DFARS clause, and move on.

That same AWST article also reported—

Pratt is working on four areas to improve its EVMS compliance: updating documentation to better align with process, improving how scheduling tools are managed and integrated, better cost estimating and forecasting, and improving planning for work packages. The company has submitted corrective action plans for each to DCMA for approval.

So there you go.

In that same article, AWST updated the status on Lockheed Martin's EVMS-related payment withholds. We last reported on LockMart's problems [right here](#). That was about a year ago. Since then, DCMA has decided to drop its payment withhold back to 2 percent. AWST reported—

In late August, DCMA reduced the withholding on Lockheed Martin to 2% when it decided the company was 'making significant progress on the approved corrective action plan,' says Kenneth Ross, a Lockheed Martin spokesman. However, getting recertified is a painstaking process, as demonstrated by the long time that Lockheed Martin has been decertified.

Just to recap:

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DCMA “decertified” LockMart’s EVMS (at its Fort Worth, TX plant) in October, 2010

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In March, 2012, payment withholds of 2 percent were imposed

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Payment withholds were increased to 5 percent in June, 2012 and the follow-up audit to evaluate LockMart’s corrective action plan was delayed for a year

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In August, 2013, the follow-up audit found that LockMart had made significant progress on its corrective action plan, and payment withholds were reduced back to 2 percent.

So that’s the kind of experience that Pratt & Whitney can look forward to, now that it’s joined the 5 percent withholding club.