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May 13, 2021

The Honorable Bernie Sanders
Chairman, Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Subject: Your Hearing, “Waste, Fraud, Cost Overruns, and Auditing at the Pentagon”

Dear Sen. Sanders:

This is a follow-up to my letter to you dated February 6, subj: “Reduce the Military Budget and Related Fraud, Waste, and Abuse.” I have additional information that addresses issues that you expressed in your hearing on May 12, subj: “Waste, Fraud, Cost Overruns, and Auditing at the Pentagon” and in today’s article in the WP.

I agree with you that “large defense conglomerates, as taxpayer-funded entities, should face the same standard of accountability and transparency as their government counterparts.” However, as discussed in my first letter, current OMB policy and federal regulations enable contractors to deceive DoD program managers regarding true cost and schedule performance.

Previously, I recommended reforms to OMB policy and Federal Acquisition Regulations that will improve Program/Project Management (P/PM) and the use of “Earned Value Management (EVM)” by all federal agencies, not just DoD. My recommendations will hold contractors accountable for results, increase transparency, and make it difficult for contractors to deceive the government regarding cost, schedule, and technical performance of major acquisitions. I also target undeserved, subjectively-determined award fees to contractors whose programs are over cost and behind schedule.

Additional information is included in the following letters to Sen. Jon Tester and Congressman Donald Norcross:

- Tester, subj: Lack of “Good Information” About Defense Programs”, 2/27/21
- Norcross, subj: Today’s F-35 Hearing, Deceptive (or no) Performance Metrics, and Ponzi Schemes, 4/22/21
- Norcross, subj: More on Deceptive Performance and Ponzi Schemes, 4/25/21

Letters to SASC Chairman McCain:

I supported Sen. McCain on F-35 cost overruns and acquisition reform. Excerpts from the following letters are pertinent to your issues.

- Subj: Cost Controls on the F-35 and Need for Acquisition Reform of EVM, 10/25/11
- Subj: Proposed Amendment to NDAA for 2012 for EVM Acquisition Reform, 12/20/11

Excerpts:

- The acquisition regulations and process enable contractors to submit *invalid, misleading information* to the Government on all capital asset acquisitions, not just weapon systems. We need to *improve transparency and accountability when contractors use a contractually-required EVMS on cost-reimbursement contracts.*
- The EVMS guidelines are similar to Generally Accepted Accounting Principles (GAAP). However, GAAP protects investors but *EVMS often fails to protect taxpayers. The standard has ambiguities and loopholes that should be removed.*

As stated in my previous letter, “Please let me know how I can help you to succeed.”

All cited letters may be downloaded from www.pb-ev.com at the “Acquisition Reform” tab.

Yours truly,



Paul J. Solomon

CC:

Sen. Joni Ernst, SASC

Chairman Adam Smith, HASC

Dep. Sec. of Defense Kathleen Hicks

Acting Undersec. of Defense Stacy Cummings

Mr. Andrew Hunter, Biden-Harris Transition Team