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March 20, 2025

The Honorable Steven J. Morani
PTDO OUSD(A&S)
1010 Defense Pentagon
Washington, DC 20301-1010

Subj: Why Conduct DCMA EVMS Surveillance When Contractors Perform Internal Surveillance?

Dear PTDO OUSD(A&S) Morani:

This letter provides further justification to terminate counterproductive DCMA EVMS surveillance and reduce burdensome oversight costs. Contractors perform their own internal surveillance. CPA firms consider the effectiveness of their clients' internal controls and processes when planning the scope of their audits. DCMA should do the same.

NDIA EVMS Internal Surveillance

The *NDIA Surveillance Guide* (NDIA Guide) cites the organization's commitment to conduct internal surveillance as referenced in the organization's EVMS policy or other documents. The purpose of surveillance is to "ensure the EVMS is effectively used to manage cost, schedule, and technical performance, and that the performance data generated are accurate and reliable."

Examples of the probing, insightful questions in the NDIA Guide are in Appendix E – Surveillance Review Example Questions:

Budget the Work

- What document authorizes you to begin work on a control account?
- If there are work packages using the % Complete Earned Value Technique, do you have a quantifiable backup data to support it?
- What are the date parameters (start and finish) of your control accounts on the Work Authorization Document (WAD)?
- Can you demonstrate to me that your schedule baseline is consistent with the WAD date parameters?
- Are the accounting system actual costs loaded consistently in time to allow for quality analysis and reporting?

Analyze and Report on the Work

- Is the time scheduled for completing variance analysis reports for your control accounts adequate?

Maintain the Baseline

- What document is used to make changes to your control account?
- After a Baseline Change Request has been approved, what other baseline documents must be amended, and which ones are you responsible for amending? How do you follow up to ensure that all baseline documents have been amended?

- Can you make any current period or retroactive changes to your data?
- What is your “Freeze Period”?
- What do you do if you need to change an open work package?
- How do you transfer budget between control accounts?

So, if the contractor’s managers answer these probing questions correctly, the taxpayer and warfighter can be assured that “the EVMS is effectively used to manage cost, schedule, and technical performance, and that the performance data generated are accurate and reliable.”

No Need for DCMA EVMS Surveillance

Yes, the previous assertion is facetious. So, let’s look at some of the probing questions that DCMA uses for its **DCMA EVMS Compliance Metrics**. The following questions were approved for use by the DCMA EVMS Center Configuration Control Board (CCB)

Are contract work scope (Statement of Work (SOW)) requirements included in the Work Breakdown Structure? Is there a single Organizational Breakdown Structure (OBS) used on the contract?

Are all major subcontractors/suppliers and intra-organizational work with an EVMS DFARS clause flow down requirement included in the OBS reporting requirements in Format 2?

Is control account data traceable between system artifacts including schedule, cost data, and work authorization documents?

- **Does Budget at Completion (BAC) within the EV Cost Tool reconcile to the work authorization documentation (WAD)?**

Has an organizational authority been established for indirect cost management?

Are actual start dates changed after first reported?

Was customer authorization received before reporting an Over Target Baseline in the Integrated Program Management Report/Contract Performance Report/ Integrated Program Management Data and Analysis Report?

Is work authorization date prior to the incurrence of actual costs?

Are %Start-%Finish Earned Value Techniques applied to incomplete work packages (WP) with two accounting periods of budget?

For all Control Accounts (CA), does the BAC value for the CA equate to the sum of the WP and Planning Package budgets within the CAs?

Please ask the DOGE team to assess whether continuing both internal EVMS surveillance and DCMA surveillance is cost-beneficial to the Taxpayer. Can Musk’s engineering managers answer these questions? Do you believe the false claim in the *DoD EVMS Interpretation Guide* that:

EVM is a *widely accepted industry best practice* for program management...used across DoD, the Federal government, **and the commercial sector**. Government and industry program managers use EVM as a program management tool to provide joint situational awareness of program status and to assess the cost, schedule, and technical performance of programs for proactive course correction.

In my opinion, engineering managers should apply their time and skills to develop and test a product that works for the Warfighter instead of proving compliance with the EVMS process guidelines.

Successfully Answering Questions Can Result in Higher Award Fees

DoD EVM Implementation Guide excerpts:

- The goal of award fee criteria...to motivate and reward a contractor on proactive and innovative performance management. Criteria...based on a mix of quantitative and qualitative measures, focusing 75% on management and 25% on discipline.
- Utilize full compliance with the Guidelines as a possible factor in award fee determination.
- Excellent: Contractor proactively and innovatively uses EVM. Contractor plans and implements continuous performance improvement in using EVM.
- Excellent: proactively manages baseline. maintains timely detail planning as far in advance as practical and implements proper baseline controls. System deficiencies or planning errors are few and infrequent. a high level of EVMS competency and training across the organization.

Aha! Is the real purpose of surveillance to support (subjective) assessments of “Excellence” and pay undeserved award fees? Sen. Ernst, “Make ‘Em Squeal.” Mr. Norquist, listen to your systems engineers. Contractors deceive us with botched EVM SOW metrics. Is EVMS an acronym for **E**laborate **V**alue **M**anipulation **S**cam? Or Enhanced Value Magnification Scheme?

Conclusion from Previous Letter

EVM: “...easily Manipulated and Inadequate to the Task” (a)



EIA-748 Enables Easy Manipulation:

4 legs of the stool to fool:

1. Measure work (SOW), not technical performance (Product)
2. % Complete Earned Value Technique with “90% Rule”
3. Rework not planned (Budget from MR)
4. Deferred Functionality not Accounted For

(a) Commission on PLANNING, PROGRAMMING, BUDGETING AND EXECUTION
Report finding: “EVM systems have long been criticized as..”



Please take immediate steps to terminate counterproductive DCMA EVMS surveillance. It is not required by statute or regulation. Then get rid of the DFARS EVMS clause and implement the other acquisition reforms that I recommend. **Buy a Product that Works, not a SOW.**

Yours truly,

A handwritten signature in blue ink that reads 'Paul J. Solomon'.

Paul Solomon

CC:

Hon. Pete Hegseth, USD

Hon. Tammy Duckworth, SASC

Hon. Glen Grothman, HOAC	Hon. Adam Smith, HASC
Hon. Ken Calvert, HAC	Hon. Mike Rogers, HASC
Hon. Robert J. Wittman, HASC	Hon. Donald Norcross, HASC
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