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Ms. Margaret Weichert
Deputy Director for Management
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Subj: Recommendations to Improve Program Management and Earned Value Management

Dear Ms. Weichert:

My previous letter cited the report, *GAO-20-44 Improving Program Management*, to justify replacing EIA-748 with the *PMI Standard for Earned Value Management* (ANSI/PMI 19-006-2019) in the OMB *Capital Programming Guide*. This letter addresses two findings in that report.

The common thread is the proposal for OMB to adopt program and project management (P/PM) standards from the PMI.

GAO Finding 1: OMB's P/PM Standards Are Less Detailed Compared with Accepted P/PM Standards

PMIAA required OMB to establish standards and policies for executive agencies consistent with widely accepted standards for P/PM planning and delivery. OMB staff told us they decided to develop this set of standards rather than adopt an existing set of consensus-based standards, such as the widely accepted standards for P/PM from the PMI.

However, OMB P/PM standards are less detailed when compared to PMI's standards. If the standards had the additional detail, it would be possible to determine if agencies are meeting them and properly applying them to programs and projects.

GAO Recommendation for Finding 1: Develop P/PM standards to include (1) a minimum threshold for determining the extent to which agencies have met the standards, (2) how standards apply differently at the program and project levels, (3) how standards are interrelated to work in a synchronized way, and (4) how standards should be applied across the life cycle of a program or project.

GAO Finding 2: OMB Does Not Have a Detailed Governance Structure for Further Developing Program Management Standards

There is a necessity for a governance structure with a clear set of policies and procedures for developing and maintaining standards over time that are consistent with leading practices.

Key Practices for Governance Structures:

1. Delineating roles and responsibilities for decision-making and accountability
2. Obtaining input from stakeholders and involving them in key decisions

3. Developing and approving standards.
4. Making decisions about changes to existing standards and resolving conflicts related to the application of standards.
5. Managing, controlling, monitoring, and enforcing consistent application of standards.

GAO Recommendation for Finding 2:

Create a governance structure to further develop and maintain P/PM standards that fully aligns with key practices for governance structures.

Conclusion of Previous EVM Recommendation

EIA-748 is a mid-20th Century relic. It is no longer a voluntary consensus standard (VCS) because it is ineffective and impractical. It does not meet the statutory requirements of the PMIAA. It is recommended that the *Capital Programming Guide* and federal regulations be updated to cite the PMI documents, *ANSI/PMI 19-006-2019 in concert with PMBOK® Guide*, instead of OMB-developed standards. Finally, the PMI documents should also be used as a source to develop core P/PM training.

Recommendations to OMB:

The following recommendations, if implemented, will fix the VCS problem in the *Capital Programming Guide* and help to close the GAO findings discussed above:

(1) Adopt the VCSs for P/PM from the PMI, including *ANSI/PMI 19-006-2019 in concert with PMBOK® Guide*, instead of OMB-developed standards and

(2) Replace EIA-748 in the *Capital Programming Guide* with *ANSI/PMI 19-006-2019 in concert with PMBOK® Guide*.

Benefits

The government and taxpayers will receive the following benefits:

1. Expertise, Quality, Management Value
 - a. PMI standards and guides are:
 - i. Developed and approved by consensus of project management experts from many industries, world-wide.
 - ii. Recognized as leading practices for P/PM and approved by the American National Standards Institute (ANSI).
 - b. PMI documents provide remedies to overcome shortcomings of EIA-748.
 - i. Per Section 809 Panel Report:
 - “Another substantial shortcoming of EVM is that it does not measure *product quality*. A program could perform ahead of schedule and under cost according to EVM metrics but deliver a capability that is unusable by the customer.”
 - Traditional measurement using EVM provides less value to a program than an Agile process in which the end user continuously verifies that the *product meets the requirement*.”

- “EVM has been required on most large software programs but has *not prevented cost, schedule, or performance issues.*”

ii. EIA-748 is silent on risk management.

2. Cost savings:

- a. No costs for federal employees to develop, change, and approve OMB-developed standards.
 - i. Cost savings may be reduced if federal employees participate in PMI VCS change process.
- b. Reduction of contract indirect costs by employees that work on NDIA efforts to change or reaffirm EIA-748. (Assumes that NDIA will terminate EIA-748 when it is no longer a de facto government standard).

This letter and previous letters to you (Dec.4, 14) and to Asst. Secretary of Defense Kevin Fahey (Dec. 9) may be downloaded from www.pb-ev.com at the “Acquisition Reform” tab.

Please contact me for additional information or support.



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cc:

Sen. Joni Ernst, SASC
Sen. Kamala Harris, Homeland Security and Governmental Affairs Committee
Mr. Kevin Fahey, Asst. Secretary of Defense for Acquisition, DOD
Yvonne D. Jones, GAO