

DEFENSE CONTRACT AUDIT AGENCY (DCAA)

Global War on Terror (GWOT)/Regional War on Terror (RWOT)

Operations and Maintenance, Defense Wide Budget Activity 04, Administrative and Service-Wide Activities

Detail by Subactivity Group

I. Description of Operations Financed:

The United States (U.S.), with its coalition partners and various international organizations and donors, embarked on a significant effort to rebuild Iraq. Between fiscal years 2003 and 2006, the U.S. government allocated billions to support U.S. stabilization and reconstruction efforts in Iraq while combating an insurgency that targeted military and contractor personnel and the Iraqi people. The U.S. relied heavily on private-sector contractors to provide the goods and services needed to support both the military and reconstruction efforts in Iraq. Not knowing the full extent of rebuilding Iraq, the government authorized contractors to begin work before terms and conditions were defined. While this allowed the government to initiate work rapidly, it laid the government open to added cost and risk. The Defense Contract Audit Agency (DCAA), which examines many Iraq contracts and identifies potentially questionable or unsupported costs, is helping to oversee the contractors' work.

The DCAA provides services that can help the Department of Defense (DoD) ensure accountability for its acquisitions. It is responsible for providing audit services and financial advice to all DoD acquisition officials involved in the Iraq reconstruction efforts. The DCAA also supports the Iraq reconstruction efforts of other Federal Agencies (U.S. Agency of International Development and the State Department) on a reimbursable basis.

The costs associated with DCAA support include civilian overtime, premium pay and temporary duty expenses to deploy auditors into the area of operation to conduct audit services.

The DCAA support for the negotiation, administration and settlement of contracts and subcontracts related to Iraq reconstruction will continue to be of the highest priority to the DoD and Congress. This effort has been incorporated, therefore, into the agency's Performance Plan/Balanced Scorecard performance standards that are linked to the President's Management Agenda, the DoD Balanced Scorecard Concept, and the Risk Management Framework of the Quadrennial Defense Review (QDR).

	FY 2007	FY 2008
	<u>Title IX/Supplemental</u>	<u>GWOT Request</u>
	15,000	15,345

II. Financial Summary (\$ in Thousands):

A. Subactivity Group – Iraq Reconstruction Efforts

1. 1.2 Civilian Personnel	12,837	13,132
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Narrative Justification: Changes between years FY 2007 and 2008 are due to the pay raise and inflation factors.

The DCAA anticipates nearly 600 audits, using approximately 100 workyears, in FY 2008 to support the Iraq Reconstruction effort, which include systems reviews and price proposal, incurred cost, and other special audits as required. These audits directly support the acquisition community with regard to contract pricing, determining reliability of business systems and testing billed costs on Iraq Reconstruction contracts.

Impact if not funded: Without funding there will be no contract auditors in Iraq to ensure the proper execution and oversight of American taxpayer money allocated by Congress.

2. 2.1 Temporary/Additional Duty	1,896	1,940
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Narrative Justification: The DCAA assigns personnel on a temporary duty basis to locations within Iraq and in Kuwait. Funds are required for travel and temporary/additional duty expenses to be responsive to customer's needs and to accomplish the mission.

Impact if not funded: Without funds, auditors would be unable travel to the Middle East to perform audit services in support of the Iraq reconstruction efforts.

3. 3.7 Other Services/Miscellaneous Contracts

267

273

Narrative Justification: Under a Memorandum of Agreement, DoD (DCAA) obtains support services from the Department of State (DOS) for security, health services, general supplies and telephone service. The DOS supports DCAA auditors deployed in Iraq under an Inter-Cooperative Administrative Support Services Agreement (ICASS). In addition, DCAA leased 7 vehicles in support of Iraq reconstruction effort at an annual cost of \$58 thousand.

Impact if not funded: These services are crucial to the successful completion of audits in an unstable environment in Iraq and to the general well-being of the personnel assigned there. Without funds, no audits will be performed in support of the Iraq reconstruction efforts.

Funding Totals

15,000

15,345

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