

**Defense Contract Audit Agency  
Overseas Contingency Operations  
Operation and Maintenance, Defense-Wide  
Budget Activity 04: Administrative and Service-Wide Activities**

**I. Description of Operations Financed:** The Defense Contract Audit Agency (DCAA) is responsible for providing audit services and financial advice to all Department of Defense (DoD) acquisition officials involved in Operation FREEDOM'S SENTINEL (OFS)/Post Operation NEW DAWN (P-OND) military operations and reconstruction in Iraq and Afghanistan. DCAA assists these officials in achieving fair and reasonable contract prices and assuring compliance with contractual terms and conditions by 1) responding to requests from acquisition officials for specific services across the entire spectrum of contract financial and business matters, and 2) fulfilling the recurring audit work required to monitor cost performance and approve contract payments. DCAA's workload originates primarily from the effort required to audit and monitor DoD and civilian agency (USAID and State Department) acquisitions of equipment, materials, and/or services. Congressional interest in the costs charged to Iraq and Afghanistan-related contracts, and requests for contract audit support from the Defense Procurement Fraud Unit and U.S. attorneys during the conduct of investigations and prosecution of perpetrators of contract fraud also impact DCAA's workload.

There are few audit matters within DCAA more sensitive and significant than the support provided to the OFS/P-OND-related contracts. The Agency has established priorities to ensure audit support in Iraq, Kuwait, Afghanistan, and Qatar and related field offices is timely, comprehensively accomplished and promptly reported to its customers. The DCAA audits of cost-reimbursable contracts represent a continuous effort from evaluation of proposed prices to final closeout and payment. DCAA performs initial audits of contractor business system internal controls and testing of contract costs to provide a basis for provisional approval of contractor interim payments and early detection of deficiencies. DCAA also performs comprehensive contract cost audits throughout the life of the contract; and the contracting activity uses the audits to adjust provisionally approved interim payments and ultimately to negotiate final payment to the contractor.

The audit and financial advisory services provided in support of OFS/P-OND military

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I. Description of Operations Financed (cont.)

operations and reconstruction in Iraq and Afghanistan will be subject to the same performance measurement as other DCAA audit activities.

II. Force Structure Summary:

N/A

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**Operation and Maintenance, Defense-Wide**  
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**III. Financial Summary (\$ in thousands):**

CBS No.	CBS Title	FY 2015 <u>Actual</u>	FY 2016 <u>Enacted</u>	<u>Delta</u>	FY 2017 <u>Estimate</u>
<b>OFS</b>					
1.0	Personnel	\$7,972	\$7,346	\$-1,837	\$5,509
2.0	Personnel Support	\$267	\$372	\$-272	\$100
3.0	Operating Support	\$46	\$41	\$-7	\$34
	<b>OFS Total</b>	<b>\$8,285</b>	<b>\$7,759</b>	<b>\$-2,116</b>	<b>\$5,643</b>
<b>P-OND</b>					
1.0	Personnel	\$11,009	\$10,144	\$-2,537	\$7,607
2.0	Personnel Support	\$369	\$514	\$-377	\$137
3.0	Operating Support	\$65	\$57	\$-8	\$49
	<b>P-OND Total</b>	<b>\$11,443</b>	<b>\$10,715</b>	<b>\$-2,922</b>	<b>\$7,793</b>
	<b>Grand Total</b>	<b>\$19,728</b>	<b>\$18,474</b>	<b>\$-5,038</b>	<b>\$13,436</b>

FTEs: FY 2015 150; FY 2016 145; FY 2017 103

Significant change between FY 2016 and FY 2017 is attributed to reduced staffing in Southwest Asia, along with a reduced need for audit effort in CONUS. DCAA performs audits throughout the life of the contract. The work that will be accomplished includes direct cost testing, and accounting and billing system oversight at high risk OCO contractors with on-going contracts. In addition, DCAA is performing termination audits and incurred cost audits, primarily in CONUS, to allow contracting officers to close completed contracts.

**Defense Contract Audit Agency**  
**Overseas Contingency Operations**  
**Operation and Maintenance, Defense-Wide**  
**Budget Activity 04: Administrative and Service-Wide Activities**

**III. Financial Summary (\$ in thousands):**

<u>OFS</u>	<u>FY 2015</u>	<u>FY 2016</u>		<u>FY 2017</u>
	<u>Actual</u>	<u>Enacted</u>	<u>Delta</u>	<u>Estimate</u>
1. CBS Category/Subcategory				
1.0 Personnel	\$7,972	\$7,346	\$-1,837	\$5,509
Total	\$7,972	\$7,346	\$-1,837	\$5,509

**A. Narrative Justification:** Funds are required for personnel performing contract audit work in Afghanistan, Kuwait, Qatar, and in CONUS. Audits occur at many stages of the contracting process, beginning with evaluation of proposed prices and ending with final closeout and payment. Work will continue in CONUS after completion of audit performance until the contracts are closed. The funding is needed to perform these important audits in a timely manner.

**B. Explanation of Changes between FY 2016 and FY 2017:** Changes between years FY 2016 and FY 2017 are predominately the result of decreased workyears required both in country as the military presence decreases in country and in CONUS to ensure audit support to OFS related contracts.

<u>P-OND</u>	<u>FY 2015</u>	<u>FY 2016</u>		<u>FY 2017</u>
	<u>Actual</u>	<u>Enacted</u>	<u>Delta</u>	<u>Estimate</u>
2. CBS Category/Subcategory				
1.0 Personnel	\$11,009	\$10,144	\$-2,537	\$7,607
Total	\$11,009	\$10,144	\$-2,537	\$7,607

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**Operation and Maintenance, Defense-Wide**  
**Budget Activity 04: Administrative and Service-Wide Activities**

**III. Financial Summary (\$ in thousands):**

**A. Narrative Justification:** Funds are required for personnel performing contract audit work in Iraq/Kuwait and in CONUS. Audits occur at many stages of the contracting process, beginning with evaluation of proposed prices and ending with final closeout and payment. Work will continue in CONUS after completion of audit performance until the contracts are closed. The funding is needed to perform these important audits in a timely manner.

**B. Explanation of Changes between FY 2016 and FY 2017:** Changes between years FY 2016 and FY 2017 are predominately the result of decreased workyears needed to ensure audit support to P-OND related contracts. Audit effort continues to shift away from supporting new contract awards to auditing costs incurred by contractors during contract performance and completing the audits required to close contracts.

<u>OFS</u>	<u>FY 2015</u>	<u>FY 2016</u>		<u>FY 2017</u>
	<u>Actual</u>	<u>Enacted</u>	<u>Delta</u>	<u>Estimate</u>
3. CBS Category/Subcategory				
2.0 Personnel Support	\$267	\$372	\$-272	\$100
Total	\$267	\$372	\$-272	\$100

**A. Narrative Justification:** Personnel are assigned on a temporary duty basis to locations within Afghanistan, Kuwait and Qatar. Funds are required for travel to be responsive to customer's needs and to accomplish the mission.

**B. Explanation of Changes between FY 2016 and FY 2017:** Changes between years FY 2016 and FY 2017 are the result of decreased travel requirements based on reduction in estimated

**Defense Contract Audit Agency**  
**Overseas Contingency Operations**  
**Operation and Maintenance, Defense-Wide**  
**Budget Activity 04: Administrative and Service-Wide Activities**

**III. Financial Summary (\$ in thousands):**  
 staffing levels for Afghanistan.

<u>P-OND</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Delta</u>	<u>FY 2017</u>
	<u>Actual</u>	<u>Enacted</u>		<u>Estimate</u>
4. CBS Category/Subcategory				
2.0 Personnel Support	\$369	\$514	\$-377	\$137
Total	\$369	\$514	\$-377	\$137

**A. Narrative Justification:** Personnel are assigned on a temporary duty basis to locations within Kuwait. Funds are required for travel to be responsive to customer's needs and to accomplish the mission.

**B. Explanation of Changes between FY 2016 and FY 2017:** Changes between years FY 2016 and FY 2017 are the result of decreased travel requirements based on reduced estimated staffing levels for Iraq/Kuwait.

<u>OFS</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Delta</u>	<u>FY 2017</u>
	<u>Actual</u>	<u>Enacted</u>		<u>Estimate</u>
5. CBS Category/Subcategory				
3.0 Operating Support	\$46	\$41	\$-7	\$34
Total	\$46	\$41	\$-7	\$34

**A. Narrative Justification:** The DCAA has an agreement with the Department of State for support services that include security, health services, general supplies and telephone.

**Defense Contract Audit Agency**  
**Overseas Contingency Operations**  
**Operation and Maintenance, Defense-Wide**  
**Budget Activity 04: Administrative and Service-Wide Activities**

**III. Financial Summary (\$ in thousands):**

In addition, DCAA maintains leased vehicles. These services are crucial to the successful completion of audits in an unstable environment in Afghanistan and to the general well-being of the personnel assigned there.

**B. Explanation of Changes between FY 2016 and FY 2017:** Changes between years FY 2016 and FY 2017 are the result of reduced Department of State support service agreement estimates for Afghanistan.

<u>P-OND</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Delta</u>	<u>FY 2017</u>
	<u>Actual</u>	<u>Enacted</u>		<u>Estimate</u>
6. CBS Category/Subcategory				
3.0 Operating Support	\$65	\$57	\$-8	\$49
Total	\$65	\$57	\$-8	\$49

**A. Narrative Justification:** The DCAA has an agreement with the Department of State for support services that include security, health services, general supplies and telephone. In addition, DCAA maintains leased vehicles. These services are crucial to the successful completion of audits in an unstable environment in Iraq and Kuwait and to the general well-being of the personnel assigned there.

**B. Explanation of Changes between FY 2016 and FY 2017:** Changes between years FY 2016 and FY 2017 are the result of reduced support service agreement estimates for Iraq/Kuwait.

<u>FY 2015</u>	<u>FY 2016</u>	<u>Delta</u>	<u>FY 2017</u>
<u>Actual</u>	<u>Enacted</u>		<u>Estimate</u>

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III. Financial Summary (\$ in thousands):

Total	\$19,728	\$18,474	\$-5,038	\$13,436
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Budget Activity 04: Administrative and Service-Wide Activities

IV. Performance Criteria:

N/A

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 Budget Activity 04: Administrative and Service-Wide Activities

V. OP 32 Line Items as Applicable (Dollars in thousands):

<u>OP 32 Line</u>	FY 2015 <u>Actual</u>	Change <u>FY 2015/FY 2016</u>		FY 2016 <u>Enacted</u>	Change <u>FY 2016/FY 2017</u>		FY 2017 <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	18,981	233	-1,724	17,490	266	-4,640	13,116
<b>199 Total Civ Compensation</b>	<b>18,981</b>	<b>233</b>	<b>-1,724</b>	<b>17,490</b>	<b>266</b>	<b>-4,640</b>	<b>13,116</b>
308 Travel of Persons	632	11	243	886	16	-665	237
<b>399 Total Travel</b>	<b>632</b>	<b>11</b>	<b>243</b>	<b>886</b>	<b>16</b>	<b>-665</b>	<b>237</b>
771 Commercial Transport	4	0	-4	0	0	0	0
<b>799 Total Transportation</b>	<b>4</b>	<b>0</b>	<b>-4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
914 Purchased Communications (Non-Fund)	3	0	-1	2	0	-1	1
920 Supplies & Materials (Non-Fund)	2	0	13	15	0	-10	5
987 Other Intra-Govt Purch	106	2	-27	81	1	-5	77
<b>999 Total Other Purchases</b>	<b>111</b>	<b>2</b>	<b>-15</b>	<b>98</b>	<b>1</b>	<b>-16</b>	<b>83</b>
<b>Total</b>	<b>19,728</b>	<b>246</b>	<b>-1,500</b>	<b>18,474</b>	<b>283</b>	<b>-5,321</b>	<b>13,436</b>