

**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) activities 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 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 operations and

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I. Description of Operations Financed (cont.)

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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III. Financial Summary (\$ in thousands):

CBS No.	CBS Title	FY 2014 <u>Actual</u>	FY 2015 <u>Enacted</u>	<u>Delta</u>	FY 2016 <u>Estimate</u>
OFS					
1.0	Personnel	\$9,886	\$8,839	\$-1,493	\$7,346
2.0	Personnel Support	\$474	\$650	\$-278	\$372
3.0	Operating Support	\$77	\$107	\$-66	\$41
	OFS Total	\$10,437	\$9,596	\$-1,837	\$7,759
P-OND					
1.0	Personnel	\$13,653	\$12,206	\$-2,062	\$10,144
2.0	Personnel Support	\$654	\$897	\$-383	\$514
3.0	Operating Support	\$107	\$148	\$-91	\$57
	P-OND Total	\$14,414	\$13,251	\$-2,536	\$10,715
	Grand Total	\$24,851	\$22,847	\$-4,373	\$18,474

FTEs: FY 2014 183; FY 2015 148; FY 2016 145

Significant change between FY 2015 and FY 2016 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.

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III. Financial Summary (\$ in thousands):

<u>OFS</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Delta</u>	<u>FY 2016</u>
	<u>Actual</u>	<u>Enacted</u>		<u>Estimate</u>
1. CBS Category/Subcategory				
1.0 Personnel	\$9,886	\$8,839	\$-1,493	\$7,346
Total	\$9,886	\$8,839	\$-1,493	\$7,346

A. Narrative Justification:

Funds are required for personnel performing contract audit work in Afghanistan 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 2015 and FY 2016:

Changes between years FY 2015 and FY 2016 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 2014</u>	<u>FY 2015</u>	<u>Delta</u>	<u>FY 2016</u>
	<u>Actual</u>	<u>Enacted</u>		<u>Estimate</u>
2. CBS Category/Subcategory				

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III. Financial Summary (\$ in thousands):

1.0	Personnel	\$13,653	\$12,206	\$-2,062	\$10,144
	Total	\$13,653	\$12,206	\$-2,062	\$10,144

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 2015 and FY 2016: Changes between years FY 2015 and FY 2016 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 for Iraq to auditing costs incurred by contractors during contract performance and completing the audits required to close contracts.

<u>OFS</u>	<u>FY 2014</u> <u>Actual</u>	<u>FY 2015</u> <u>Enacted</u>	<u>Delta</u>	<u>FY 2016</u> <u>Estimate</u>
3. CBS Category/Subcategory				

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III. Financial Summary (\$ in thousands):

2.0	Personnel Support	\$474	\$650	\$-278	\$372
	Total	\$474	\$650	\$-278	\$372

A. Narrative Justification:

Personnel are assigned on a temporary duty basis to locations within Afghanistan 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 2015 and FY 2016:

Changes between years FY 2015 and FY 2016 are the result of decreased travel requirements based on reduction in estimated staffing levels for Afghanistan.

<u>P-OND</u>		<u>FY 2014</u> <u>Actual</u>	<u>FY 2015</u> <u>Enacted</u>	<u>Delta</u>	<u>FY 2016</u> <u>Estimate</u>
4. CBS Category/Subcategory					
2.0	Personnel Support	\$654	\$897	\$-383	\$514
	Total	\$654	\$897	\$-383	\$514

A. Narrative Justification:

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

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III. Financial Summary (\$ in thousands):

B. Explanation of Changes between FY 2015 and FY 2016: Changes between years FY 2015 and FY 2016 are the result of decreased travel requirements based on reduced estimated staffing levels for Iraq/Kuwait.

<u>OFS</u>	<u>FY 2014</u> <u>Actual</u>	<u>FY 2015</u> <u>Enacted</u>	<u>Delta</u>	<u>FY 2016</u> <u>Estimate</u>
5. CBS Category/Subcategory				
3.0 Operating Support	\$77	\$107	\$-66	\$41
Total	\$77	\$107	\$-66	\$41

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 Afghanistan and to the general well-being of the personnel assigned there.

B. Explanation of Changes between FY 2015 and FY 2016:

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III. Financial Summary (\$ in thousands):

Changes between years FY 2015 and FY 2016 are the result of reduced Department of State support service agreement estimates for Afghanistan.

<u>P-OND</u>	<u>FY 2014</u> <u>Actual</u>	<u>FY 2015</u> <u>Enacted</u>	<u>Delta</u>	<u>FY 2016</u> <u>Estimate</u>
6. CBS Category/Subcategory				
3.0 Operating Support	\$107	\$148	\$-91	\$57
Total	\$107	\$148	\$-91	\$57

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 2015 and FY 2016:

Changes between years FY 2015 and FY 2016 are the result of reduced support service agreement estimates for Iraq/Kuwait.

<u>FY 2014</u> <u>Actual</u>	<u>FY 2015</u> <u>Enacted</u>	<u>Delta</u>	<u>FY 2016</u> <u>Estimate</u>
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III. Financial Summary (\$ in thousands):

Total	\$24,851	\$22,847	\$-4,373	\$18,474
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IV. Performance Criteria:

N/A

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

<u>OP 32 Line</u>	FY 2014 <u>Actual</u>	Change <u>FY 2014/FY 2015</u>		FY 2015 <u>Enacted</u>	Change <u>FY 2015/FY 2016</u>		FY 2016 <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	23,539	235	-2,729	21,045	258	-3,813	17,490
199 Total Civ Compensation	23,539	235	-2,729	21,045	258	-3,813	17,490
308 Travel of Persons	1,128	20	399	1,547	26	-687	886
399 Total Travel	1,128	20	399	1,547	26	-687	886
914 Purchased Communications (Non-Fund)	3	0	17	20	0	-18	2
920 Supplies & Materials (Non-Fund)	12	0	28	40	1	-26	15
987 Other Intra-Govt Purch	169	3	23	195	3	-117	81
999 Total Other Purchases	184	3	68	255	4	-161	98
Total	24,851	258	-2,262	22,847	288	-4,661	18,474