

**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)/Operation INHERENT RESOLVE (OIR) 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/OIR-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/OIR military

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 (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

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)

A. BA Subactivities	FY 2017 <u>Actuals</u>	Budget <u>Request</u>	FY 2018			Current <u>Estimate</u>	FY 2019 <u>Estimate</u>
			<u>Congressional Action</u>				
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>		
OFS	11,023	6,799	0	0.0	0	6,799	1,343
1.0 - Personnel Compensation	5,958	6,660	0	0.0	0	6,660	1,189
2.0 - Personnel Support	65	97	0	0.0	0	97	108
3.0 - Operating Support	5,000	42	0	0.0	0	42	46
OIR	1,963	3,054	0	0.0	0	3,054	438
1.0 - Personnel Compensation	1,901	2,992	0	0.0	0	2,992	388
2.0 - Personnel Support	32	44	0	0.0	0	44	35
3.0 - Operating Support	30	18	0	0.0	0	18	15
Total	12,986	9,853	0	0.0	0	9,853	1,781

<u>Summary by Operation</u>	<u>FY 2017 Actuals</u>	<u>FY 2018 Estimate</u>	<u>FY 2019 Estimate</u>
Operation FREEDOM'S SENTINEL (OFS)	\$11,023	\$6,799	\$1,343
Operation INHERENT RESOLVE (OIR)	\$1,963	\$3,054	\$438
European Deterrence Initiative (EDI)	\$0	\$0	\$0
Base to OCO	\$0	\$0	\$0
Counter Terrorism/Other Forces (CTOF)	\$0	\$0	\$0
Operation ENDURING FREEDOM - Horn of Africa (OEF-HOA)	\$0	\$0	\$0
Operation Totals	\$12,986	\$9,853	\$1,781

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)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2018/FY 2018</u>	<u>FY 2018/FY 2019</u>
OCO Funding	9,853	9,853
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Carryover		
Subtotal Appropriated Amount	9,853	
Fact-of-Life Changes (2018 to 2018 Only)		
Subtotal OCO Funding	9,853	
Baseline Appropriation	9,853	
Reprogrammings		
Price Changes		53
Functional Transfers		
Program Changes		-8,125
Current Estimate	19,706	1,781
Less: Baseline Appropriation	-9,853	
Normalized Current Estimate	9,853	

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>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Total</u>
FY 2018 President's Budget Request (Amended, if applicable)		9,853
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
e. Carryover		
FY 2018 Appropriated Amount		9,853
2. Baseline Appropriation		9,853
a. Baseline Appropriation		
1) FY 2018 Defense-Wide Overseas Contingency Operations	9,853	
3. Fact-of-Life Changes		
FY 2018 OCO Funding		19,706
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2018 Estimate		19,706
5. Less: Baseline Appropriation		-9,853
FY 2018 Normalized Current Estimate		9,853
6. Price Change		53
7. Functional Transfers		
8. Program Increases		
a. Annualization of New FY 2018 Program		
b. One-Time FY 2019 Increases		
c. Program Growth in FY 2019		
9. Program Decreases		-8,125
a. Annualization of FY 2018 Program Decreases		
b. One-Time FY 2018 Increases		
c. Program Decreases in FY 2019		
1) 1.0 - Personnel Compensation OFS	-6,093	
Funds are required for personnel performing		

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)

C. Reconciliation of Increases and Decreases

	<u>Amount</u>	<u>Total</u>
<p>Iraq/Kuwait contract audit work in CONUS. Audit work will continue in CONUS focusing on incurred cost audits and contract close-out. The funding is needed for premium pay and travel costs to perform these important audits in a timely manner. Changes between years FY 2018 and FY 2019 are the result of reducing 51 FTEs and limiting requirements to premium pay and travel costs needed to ensure audit support of contracts. Audit effort has shifted focus to auditing costs incurred by contractors during contract performance and completing the audits required to close contracts. (FY 2018 Baseline: \$7,278 thousand; -51 FTEs)</p>		
<p>2) 1.0 - Personnel Compensation OIR</p> <p>Funds are required for incremental premium pay costs for personnel performing Iraq/Kuwait contract audit work in CONUS. Audit work will continue in CONUS focusing on incurred cost audits and contract close-out. The premium pay and travel costs are needed to perform these important audits in a timely manner. Changes between years FY 2018 and FY 2019 are the result of reducing 17 FTEs and limiting requirements to premium pay and travel costs needed to ensure audit support of contracts. Audit effort has shifted focus to auditing costs incurred by contractors during contract performance and completing the audits required to close contracts. (FY 2018 Baseline: \$2,374 thousand; -17 FTEs)</p>	-2,031	
<p>3) 2.0 - Personnel Support OFS</p>	-1	

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>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Total</u>
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. There is only a minor change between years FY 2018 and FY 2019 because the OFS staffing levels remain constant for Afghanistan. (FY 2018 Baseline: \$141 thousand; +0 FTEs)		
FY 2019 Budget Request		1,781

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

IV. Performance Criteria:

N/A

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

<u>V. Personnel Summary</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Change FY 2017/ FY 2018</u>	<u>Change FY 2018/ FY 2019</u>
<u>Civilian End Strength (Total)</u>	<u>56</u>	<u>68</u>	<u>0</u>	<u>12</u>	<u>-68</u>
U.S. Direct Hire	56	68	0	12	-68
Total Direct Hire	56	68	0	12	-68
<u>Civilian FTEs (Total)</u>	<u>56</u>	<u>68</u>	<u>0</u>	<u>12</u>	<u>-68</u>
U.S. Direct Hire	56	68	0	12	-68
Total Direct Hire	56	68	0	12	-68
Average Annual Civilian Salary (\$ in thousands)	139.8	141.9	0	2.1	-141.9

Personnel Summary Explanations:

Significant change between FY 2018 and FY 2019 is the result of reducing 68 FTEs and limiting requirements to premium pay and travel costs needed to ensure audit support of contracts. 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

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

<u>OP 32 Line</u>	<u>FY 2017</u> <u>Actuals</u>	<u>Change</u> <u>FY 2017/FY 2018</u>		<u>FY 2018</u> <u>Estimate</u>	<u>Change</u> <u>FY 2018/FY 2019</u>		<u>FY 2019</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	7,828	153	1,671	9,652	49	-8,124	1,577
199 Total Civ Compensation	7,828	153	1,671	9,652	49	-8,124	1,577
308 Travel of Persons	97	2	42	141	3	-1	143
399 Total Travel	97	2	42	141	3	-1	143
914 Purchased Communications (Non-Fund)	0	0	1	1	0	0	1
920 Supplies & Materials (Non-Fund)	0	0	5	5	0	0	5
987 Other Intra-Govt Purch	5,061	86	-5,093	54	1	0	55
999 Total Other Purchases	5,061	86	-5,087	60	1	0	61
Total	12,986	241	-3,374	9,853	53	-8,125	1,781