

**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) and Operation INHERENT RESOLVE (OIR), as well as reconstruction in Iraq and Afghanistan.

The DCAA FY 2021 Overseas Contingency Operations (OCO) request includes \$1,247 thousand for OCO for Enduring Requirements; no funds are requested for OCO for Direct War Costs or OCO for Base Requirements.

The DCAA assists in achieving fair and reasonable contract prices and assuring compliance with contractual terms and conditions by: responding to requests from acquisition officials for specific services across the entire spectrum of contract financial and business matters; and fulfilling the recurring audit work required to monitor cost performance and approve contract payments. The 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. The DCAA's workload is also impacted by 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.

There are few audit matters within DCAA more sensitive and significant than the support provided to the OFS/OIR-related contracts. The DCAA 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. The DCAA performs initial audits of contractor business system internal controls and testing of contract costs to provide a

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I. Description of Operations Financed (cont.)

basis for provisional approval of contractor interim payments and early detection of deficiencies. The 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 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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III. Financial Summary (\$ in thousands)

A. BA Subactivities	FY 2020						
	FY 2019 Actuals	Budget Request	Congressional Action			Current Enacted	FY 2021 Estimate
			Amount	Percent	Appropriated		
OFS	976	1,365	0	0.0	1,365	1,365	940
1.0 - Personnel Compensation	727	1,212	0	0.0	1,212	1,212	786
2.0 - Personnel Support	204	110	0	0.0	110	110	112
3.0 - Operating Support	45	43	0	0.0	43	43	42
OIR	319	445	0	0.0	445	445	307
1.0 - Personnel Compensation	237	395	0	0.0	395	395	256
2.0 - Personnel Support	67	36	0	0.0	36	36	37
3.0 - Operating Support	15	14	0	0.0	14	14	14
Total	1,295	1,810	0	0.0	1,810	1,810	1,247

<u>Summary by Operation</u>	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Estimate
Operation FREEDOM'S SENTINEL (OFS)	\$976	\$1,365	\$940
Operation INHERENT RESOLVE (OIR)	\$319	\$445	\$307
Operation Totals	\$1,295	\$1,810	\$1,247

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III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2020/FY 2020</u>	<u>FY 2020/FY 2021</u>
OCO Funding	1,810	1,810
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Carryover		
Subtotal Appropriated Amount	1,810	
Fact-of-Life Changes (2020 to 2020 Only)		
Subtotal OCO Funding	1,810	
Baseline Appropriation	1,810	
Reprogrammings		
Price Changes		29
Functional Transfers		
Program Changes		-592
Current Estimate	3,620	1,247
Less: Baseline Appropriation	-1,810	
Normalized Current Estimate	1,810	

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III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Total</u>
FY 2020 President's Budget Request (Amended, if applicable)		1,810
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
e. Carryover		
FY 2020 Appropriated Amount		1,810
2. Baseline Appropriation		1,810
a. Baseline Appropriation		
1) FY 2020 Defense-Wide Overseas Contingency Operations	1,810	
3. Fact-of-Life Changes		
FY 2020 OCO Funding		3,620
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2020 Estimate		3,620
5. Less: Baseline Appropriation		-1,810
FY 2020 Normalized Current Estimate		1,810
6. Price Change		29
7. Functional Transfers		
8. Program Increases		8
a. Annualization of New FY 2020 Program		
b. One-Time FY 2021 Increases		
c. Program Growth in FY 2021		
1) Personnel Compensation	8	
The increase is to properly adjust price growth to the estimated cost projection for premium hours. (FY 2020 Baseline: \$0 thousand; Baseline FTEs: 0)		
9. Program Decreases		-600
a. Annualization of FY 2020 Program Decreases		

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III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Total</u>
b. One-Time FY 2020 Increases		
c. Program Decreases in FY 2021		
1) Defense-Wide Review (DWR): Reduce Interim Advisory Services and Post-Payment Voucher Audits	-600	
Personnel Compensation: The decrease is due to the reduction in premium hours in support of the Interim Advisory Service and Post Payment Voucher Audits and termination of the residual participation in the Vendor Vetting Mission. (FY 2020 Baseline: \$1,810 thousand; Baseline FTEs: 0)		
FY 2021 Budget Request		1,247

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IV. Performance Criteria:

N/A

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V. Personnel Summary

Personnel Summary Explanations:

N/A

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

<u>OP 32 Line</u>	<u>FY 2019</u>	<u>Change</u>		<u>FY 2020</u>	<u>Change</u>		<u>FY 2021</u>
		<u>FY 2019/FY 2020</u>			<u>FY 2020/FY 2021</u>		
	<u>Actuals</u>	<u>Price</u>	<u>Program</u>	<u>Enacted</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
101 Exec, Gen'l & Spec Scheds	964	27	616	1,607	25	-591	1,041
199 Total Civ Compensation	964	27	616	1,607	25	-591	1,041
308 Travel of Persons	271	5	-130	146	3	0	149
399 Total Travel	271	5	-130	146	3	0	149
914 Purchased Communications (Non-Fund)	0	0	1	1	0	0	1
920 Supplies & Materials (Non- Fund)	5	0	0	5	0	0	5
987 Other Intra-Govt Purch	55	1	-5	51	1	-1	51
999 Total Other Purchases	60	1	-4	57	1	-1	57
Total	1,295	33	482	1,810	29	-592	1,247

* The FY 2019 OCO Actual does not match the data in the OSD budget database due to a disconnect discovered after budget database had locked; this exhibit reflects the correct FY 2019 Actual OCO Appropriation Funding.