

Fiscal Year (FY) 2022 President's Budget

Direct War and Enduring Cost Appendix

Defense Contract Audit Agency



May 2021

**Defense Contract Audit Agency
Direct War and Enduring Costs
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 Kuwait and Afghanistan.

The FY 2022 Direct War and Enduring costs accounted for in the base budget are as follows:

- Direct War costs accounted for in the Base Budget: \$0.0 thousand: Direct War costs are those combat or direct combat support costs that will not continue to be expended once combat operations end at major contingency locations.
- Enduring costs accounted for in the Base Budget: \$600 thousand. Enduring Requirements are enduring in theatre and in CONUS cost that will likely remain after combat operations cease.

Effective FY 2019, the DCAA only utilizes Enduring funding for premium pay associated with Enduring related work; other Enduring costs include travel, supplies and materials, and cell phone service for deployed personnel.

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. 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 Kuwait 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 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. The 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. 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 negotiate final payment to the contractor. The audit and financial advisory services provided in support of OFS/OIR military operations and reconstruction in Afghanistan will be subject to the same performance measurement as other DCAA audit activities.

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III. Financial Summary (\$ in Thousands):

BA Subactivities	FY 2020 Actuals	Budget Request	FY 2021 Congressional Action			Current Enacted	FY 2022 Request
			Amount	Percent	Appropriated		
OFS	\$310	\$940	\$0	0.00%	\$940	\$940	\$452
1.0 - Personnel Compensation	\$291	\$786	\$0	0.00%	\$786	\$786	\$380
2.0 - Personnel Support	\$17	\$112	\$0	0.00%	\$112	\$112	\$54
3.0 - Operating Support	\$2	\$42	\$0	0.00%	\$42	\$42	\$18
OIR	\$101	\$307	\$0	0.00%	\$307	\$307	\$148
1.0 - Personnel Compensation	\$95	\$256	\$0	0.00%	\$256	\$256	\$124
2.0 - Personnel Support	\$6	\$37	\$0	0.00%	\$37	\$37	\$18
3.0 - Operating Support	<u>\$0</u>	<u>\$14</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$14</u>	<u>\$14</u>	<u>\$6</u>
SUBACTIVITY GROUP TOTAL	\$411	\$1,247	\$0	0.00%	\$1,247	\$1,247	\$600

<u>Summary by Operation</u>	FY 2020 Actuals	FY 2021 Enacted	FY 2022 Request
Operation FREEDOM'S SENTINEL (OFS)	\$310	\$940	\$452
Operation INHERENT RESOLVE (OIR)	\$101	\$307	\$148
Operation Totals	\$411	\$1,247	\$600

<u>Summary by Funding Category</u>	FY 2020 Actuals	FY 2021 Enacted	FY 2022 Request
Enduring Requirements	\$411	\$1,247	\$600

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III. Financial Summary (\$ in Thousands): (Cont.)

<u>B. Reconciliation Summary</u>	<u>Change</u> <u>FY 2021/FY 2021</u>	<u>Change</u> <u>FY 2021/FY 2022</u>
OCO FUNDING	\$1,247	\$1,247
Congressional Adjustments (Distributed)	0	
Congressional Adjustments (Undistributed)	0	
Adjustments to Meet Congressional Intent	0	
Congressional Adjustments (General Provisions)	0	
Carryover	0	
SUBTOTAL APPROPRIATED AMOUNT	1,247	
Fact-of-Life Changes (2021 to 2021 Only)	0	
SUBTOTAL OCO FUNDING	1,247	
Baseline Appropriation	0	
Reprogrammings	0	
Price Changes		28
Functional Transfers		0
Program Changes		-675
CURRENT ESTIMATE	1,247	600
Less: Baseline Appropriation	0	
NORMALIZED CURRENT ESTIMATE	\$1,247	\$600

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III. Financial Summary (\$ in Thousands): (Cont.)

FY 2021 President's Budget Request (Amended, if applicable)	\$1,247
1. Congressional Adjustments	\$0
a) Distributed Adjustments.....	\$0
b) Undistributed Adjustments	\$0
c) Adjustments to Meet Congressional Intent.....	\$0
d) General Provisions	\$0
e) Carryover.....	\$0
FY 2021 Appropriated Amount	\$1,247
2. Baseline Appropriations	\$0
a) Baseline Appropriation	\$0
3. Fact-of-Life Changes.....	\$0
a) Functional Transfers.....	\$0
b) Technical Adjustments	\$0
c) Emergent Requirements.....	\$0
FY 2021 OCO Funding	\$1,247
4. Reprogrammings (Requiring 1415 Actions).....	\$0

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III. Financial Summary (\$ in Thousands): (Cont.)

a) Increases	\$0
b) Decreases	\$0
Revised FY 2021 Estimate.....	\$1,247
5. Less: Baseline Appropriations	\$0
a) Less: Baseline Appropriations	\$0
FY 2021 Normalized Current Estimate	\$1,247
6. Price Change	\$28
7. Functional Transfers	\$0
a) Transfers In	\$0
b) Transfers Out.....	\$0
8. Program Increases.....	\$0
a) Annualization of New FY 2021 Program	\$0
b) One-Time FY 2022 Increases	\$0
c) Program Growth in FY 2022.....	\$0
9. Program Decreases	\$-675
a) Annualization of FY 2021 Program Decreases	\$0

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III. Financial Summary (\$ in Thousands): (Cont.)

b) One-Time FY 2021 Costs.....\$0

c) Program Decreases in FY 2022 \$-675

1) Operation FREEDOM'S SENTINEL (OFS) & INHERENT RESOLVE (OIR)..... \$-675
As DCAA continues to close-out contracts in OFS (\$-510) and OIR (\$-165), the DCAA anticipates less premium pay and travel. Additionally, the number of support agreements will be reduced. (FY 2021 Baseline: \$1,247 thousand)

FY 2022 Budget Request..... \$600

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IV. Performance Criteria and Evaluation Summary:

N/A

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V. Personnel Summary:

N/A

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VI. OP-32 Line Items:

	FY 2020 <u>Program</u>	<u>Change from FY 2020 to FY 2021</u>		FY 2021 <u>Program</u>	<u>Change from FY 2021 to FY 2022</u>		FY 2022 <u>Program</u>
		<u>Price Growth</u>	<u>Program Growth</u>		<u>Price Growth</u>	<u>Program Growth</u>	
101 EXEC, GEN'L & SPEC SCHEDS	386	6	649	1,041	24	-561	504
TOTAL CIVILIAN PERSONNEL COMPENSATION	386	6	649	1,041	24	-561	504
308 TRAVEL OF PERSONS	23	0	126	149	3	-80	72
TOTAL TRAVEL	23	0	126	149	3	-80	72
914 PURCHASED COMMUNICATIONS (NON-FUND)	1	0		1	0		1
920 SUPPLIES & MATERIALS (NON-FUND)	1	0	4	5	0	-5	0
987 OTHER INTRA-GOVT PURCH	0	0	51	51	1	-29	23
TOTAL OTHER PURCHASES	2	0	55	57	1	-34	24
GRAND TOTAL	411	6	830	1,247	28	-675	600

Footnote:

The FY 2020 OCO Actual does not match the data in the O-1 exhibit; the FY 2020 Actual reflects the correct amount.

CIVILIAN PERSONNEL COMPENSATION: Effective FY 2019, the DCAA only utilizes Enduring funding for premium pay associated with Enduring related work.