

# Defense Contract Audit Agency

**Presentation to NDIA  
April 5, 2011**

*Protecting the Taxpayer*



*Supporting the Warfighter*

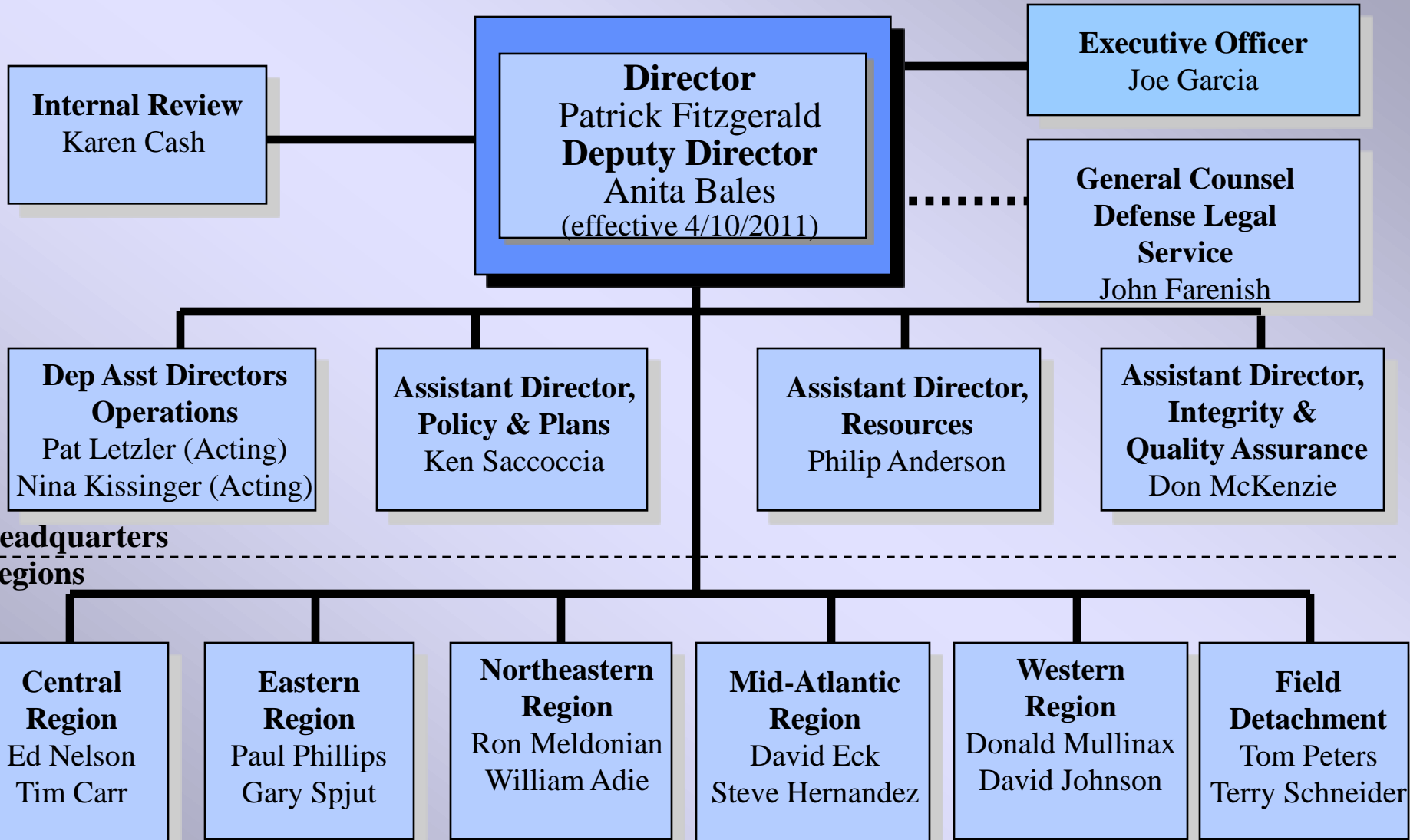


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# DCAA Organization





# Agency Priorities

- Strengthening DCAA's Talented Workforce
- Delivering High Quality Services and Products
- Requirements/Workload and Resources
- Supporting Overseas Contingency Operations
- Improve Communications and Working Relationships with Stakeholders





## Deliver High Quality Services and Products Accomplishments

- Established proposal walk-through and early identification of issues/inadequacies
- Initiated Raytheon CAC pilot project
- Issued extensive changes to audit guidance, procedures and processes.
- Agency-wide Audit Training Initiative – QA/Policy Training by April 2011.
- Authorized additional management/supervisory position to allow more time on audits.
- Held Agency- wide FAO Managers Conference.



# Requirements/Workload and Resources Accomplishments

- Working with Stakeholders to defer or divest low risk workload - will allow DCAA to focus on higher risk work with larger payback to Warfighter/Taxpayer.
- Added 500 new employees over the last 2 years
- DPAP Memorandum (1/4/2011), “Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending: ‘Align DCMA and DCAA Processes to Ensure Work is Complementary’”
  - ➔ Increased Thresholds for Price Proposal Audits
  - ➔ Forward Pricing Rate Agreements/Forward Pricing Rate Recommendations
  - ➔ Financial Capability Reviews
  - ➔ Purchasing System Reviews
  - ➔ Contractor Business Systems Rule



# Improve Communications and Working Relationships with Stakeholders

Making a concerted effort to engage with stakeholders:

- Issued “Rules of Engagement”.
- Initiated regular high level meetings with contracting community.
- Executives participated at speaking engagements with DoD Procurement and Contractor Associations.
- Issued Joint DCAA/DCMA Directors Memorandums.
- Issued Guidance in support of DPAP Memorandum – Resolving Contract Audit Recommendations.



# DCAA Rules of Engagement

- Issued guidance on establishing open and effective communications with all stakeholders
  
- Rules cover communications during each phase of the audit:
  - ➔ Establishing the engagement
  - ➔ Entrance conference
  - ➔ During the audit
  - ➔ Exit conference
  - ➔ Post report issuance
  - ➔ Negotiations



# PROPOSED DFARS RULE (1/15/2010) on Contractor Business Systems

- Contractor business systems and internal controls – the first line of defense against waste, fraud, and abuse
- Proposed Rule
  - ➔ defines systems as accounting, estimating, purchasing, EVMS, MMAS, and property management, and
  - ➔ defines and establishes specific criteria for each business system & provides for withhold provision when a business system contains deficiencies.
- DCAA
  - ➔ aligning its review of contractor's business systems with the proposed rule
  - ➔ proposed process includes reporting contractor compliance with DFARS criteria and reporting any deficiencies to contracting officer for their determination for approving or disapproving business system.





# Contractor Support to Facilitate a More Timely Audit Process

- Adequate contractor submissions and assertions
- Adequate supporting data in a timely manner and timely access to **key** contractor personnel responsible for contractor support
- Real-time DCAA access to contractor systems



# Defense Contract Audit Agency

Additional information on DCAA  
and Points of Contact available at  
[www.dcaa.mil](http://www.dcaa.mil)

