

Inspector General Criticizes DCMA CAS Administration

Written by Nick Sanders
Monday, 19 December 2016 00:00

Because *of course* it does.

The Department of Defense Office of Inspector General has a long and illustrious pedigree, reaching right back to von Steuben and his critical impact on the readiness of the Continental Army. But of late it seems that the DoDOIG exists to offer criticism of its sister DoD components, without actually addressing root causes and making recommendations that would proactively fix the underlying problem(s).

The Defense Contract Management Agency (DCMA) is often in the DoDOIG's crosshairs, *because DCMA makes it harder on its own people than it needs to be*, and therefore creates an easy target. DCMA's own ill-conceived policies (called "Instructions") actually create a situation where it is nearly impossible to be in compliance with them, and thus DoDOIG is able to easily report "findings" of contracting officer failure to comply.

Between DoDOIG's focus on literal compliance with rules, and DCMA's insistence on creating arbitrary and unreasonable rules, you get audit reports that seem to indicate vast levels of waste and abuse; whereas the reality is somewhat different than what's pictured.

Today's example of the phenomenon: DoDOIG Report Number [DODIG-2017-032](#), published 8 December 2016, with the catchy title "Evaluation of Contracting Officer Actions on Cost Accounting Standard Noncompliances Reported by Defense Contract Audit Agency."

According to the Objective section of the report, the DoDOIG reviewed 27 DCAA reports alleging that a contractor compliance with the Federal Cost Accounting Standards (CAS). The OIG reviewed contracting officer actions taken after receiving those reports to see whether those actions "complied with Federal Acquisition Regulation (FAR) 30.6, 'Cost Accounting Standards Administration,' DoD Instruction 7640.02, 'Policy for Follow-up on Contract Audit Reports,' and applicable agency instructions."

Even before getting to the content, we can be fairly confident that the OIG is going to find problems. A recent ASBCA decision, discussed [here](#), already found that a contracting officer

Inspector General Criticizes DCMA CAS Administration

Written by Nick Sanders

Monday, 19 December 2016 00:00

failed to comply with FAR 30.602. From our informal research, we have reason to believe that individual CO was not in any way an outlier. In fact, we believe that many—if not most—DCMA contracting officers do not understand FAR 30.6 and are ill-prepared to comply with it. So when we see that the OIG will be evaluating a DCMA CO's compliance with FAR 30.6, we are pretty sure there will be lots of findings.

Indeed, out of the 27 instances reviewed, there were 15 noncompliances with the requirements of FAR 30.6. In addition, DoDOIG found 16 instances of noncompliance with DoD Instruction 7640.02 and 8 instances of noncompliance with DCMA Instruction 108.

Whatever.

As per usual, the OIG failed to do any root cause analysis and the recommendations were superficial. The recommended corrective actions were:

We recommend that the Director, DCMA, and the Commander, Naval Sea Systems Command (NAVSEA), provide training on the requirements for processing CAS noncompliances in a timely manner.

We also recommend that the Director, DCMA:

-

develop effective controls for helping to ensure that contracting officers adequately document their rationale when concluding that a noncompliance is immaterial, and

-

remind contracting officers of the requirements for obtaining legal and management reviews of CAS determinations.

And there you have it.

Inspector General Criticizes DCMA CAS Administration

Written by Nick Sanders

Monday, 19 December 2016 00:00

When you think about waste and abuse, consider whether an OIG report that fails to consider root causes and make effective corrective action recommendations should fall into that category. Ask yourself whether such a report is consistent with the high standards established by von Steuben ... or if such a report is simply another example, in a long line of examples, of bureaucratic infighting on the taxpayer's dollar.