

## DCAA Audit Results Disheartening

Written by Nick Sanders

Wednesday, 28 June 2017 00:00

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And once again we are back to tell you that DCAA's productivity stats continue to fall, despite pressure from Congress.

This situation is an oft-repeated theme on this blog. DCAA audit productivity continues to fall and there is seemingly nothing that can be done about it, not even by Congress—who told DCAA to quit performing audit work for others until it can get its own house in order. DCAA either cannot or will not reform its audit procedures and review practices to get audit reports out the door and into the hands of users any faster. At this point, if productivity stats fall any further, we may as well call “game over” and find another function to assist contracting officers.

We're talking about [the latest](#) DoDOIG Semi-Annual Report to Congress, covering the period October 1, 2016 through March 30, 2017. Appendices E and F discuss DCAA audit statistics for the period.

And boy, are they really not good statistics.

We are fond of comparing DCAA stats of today to those of yesteryear, the time before DCAA management created its unique interpretation of GAGAS and decided to implement multiple layers of review on every audit report. But we're not going to do that in this article. Instead, we're going to compare the first six months of GFY 2017 to the first six months of GFY 2016. We'll perform a very simple year-over-year flux analysis.

Total number of assignments completed in Period 1, 2016: 5,057

Total number of assignments completed in Period 1, 2017: 4,634

Difference: 423

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Percentage reduction in output: 8%

Total number of audit reports issued in Period 1, 2016: 1,480

Total number of audit reports issued in Period 1, 2017: 1,243

Difference: 237

Percentage reduction in output: 16%

Total dollars examined (\$ millions) in Period 1, 2016: \$96,807.2

Total dollars examined (\$ millions) in Period 1, 2017: \$95,354.1

Difference: \$ 1,453.1

Percentage reduction in output: 1.5%

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Total dollars questioned (\$ millions) in Period 1, 2016: \$3,224.4

Total dollars questioned (\$ millions) in Period 1, 2017: \$2,322.0

Difference: \$ 902.4

Percentage reduction in output: 28.0%

To sum up, DCAA issued 16 percent fewer audit reports in the first half of GFY 2017 than it did in the same period last year, even though it examined roughly the same amount of costs in both periods. With respect to the audit reports it did issue, it questioned 28 percent fewer costs than it did in the same period last year. Looking beyond audit reports, DCAA “completed” eight percent fewer assignments than it did last year.

One bright spot is that contracting officer sustention of post-award audit findings is steady year-over-year. The comparable 2016 sustention rate was 26 percent, and the 2017 sustention rate was 25.5%. So DCAA is holding steady at a sustention rate of just a hair over one quarter of its audit findings, meaning that contracting officers are non-sustaining roughly 75 percent of DCAA audit findings. How’s that for an audit quality metric?

All this despite continuous internal reforms, rejiggering of audit programs and procedures, and the clear Congressional message that the status quo is not acceptable.

Indeed, DCAA is not resting on the status quo: it is continuing to get worse in pretty much every single audit metric that matters.

Again, we could have compared GFY 2017 status to much older stats – say, GFY 2007. Trust us: the comparison would have been *far* less flattering to DCAA than the one we published.

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