We write this with more than a bit of trepidation. This will be the third article discussing DCAA productivity metrics—the fourth if you count our piece of **original reportage** on DCAA's GFY 2011 Report to Congress. That's kind of overkill, even though our website stats indicate that this is a very popular topic.

Before we move on to other topics, though, we want to bring to your attention a very interesting take on the issue—this one sent to us via e-mail from "Cajun CPA." Our Southern friend is a longtime reader of the site. Cajun CPA is not a current employee of the Federal government, but let's just say Cajun CPA is no stranger to the bureaucracy of the Executive Branch.

Before we get into Cajun CPA's take on the issue of DCAA audit productivity, let's recap a bit. Originally, we looked at DCAA's productivity metrics in its GFY 2011 Report to Congress. Despite the agency's view that it had a "successful" year, and despite DOD's official view that DCAA's GFY 2011 activity was "clearly more effective for the taxpayer," we judged GFY 2011 to be a dismal year for DCAA—calling the agency's performance "pathetic".

Almost simultaneously, Professor Loeb published his article assessing DCAA's audit productivity over time—an article that we and many other commenters called "scathing" but which more than a handful of self-identified current and former DCAA auditors called "spot-on". In a **follow-up article**, we discussed the viewpoint of "Bill O-5," who opined that Professor Loeb's math was somewhat misleading. "Bill O-5" noted that any percentage in excess of 100% is suspect. So when Professor Loeb talked about a 400% decrease in productivity related to issuance of audit reports on contractor's final indirect rate proposals, and when we noted a 1,148% decrease in productivity related to post-award "defective pricing" audit report output, "Bill O-5" thought we were both off-base. And he was right. (Note that our understanding is that Professor Loeb did not intend to mislead anybody; indeed, his calculations were vetted by several people before publication.)

When we corrected the calculations along the lines that "Bill O-5" had suggested, we told readers that comparing DCAA's audit report output in GFY 2008 to its GFY 2011 audit report output revealed a 76 percent decrease in productivity related to final indirect cost rate proposals and a 91 percent decrease in productivity related to "defective pricing" audits. And we were satisfied that was the end of the analysis.

And then we received the e-mail from "Cajun CPA" and we were forced to rethink our analysis.

"Cajun CPA's" view is that the best way to assess auditor productivity is to look at the number of hours spent producing an audit report. Simply looking at the total number of audit reports issued doesn't tell the whole story because, as Professor Loeb noted, DCAA has actually *increased* its audit workforce over the past three years. One needs to "normalize" the output to account for the increased audit hours available to the agency, and "Cajun CPA" did so, and sent us the results.

In GFY 2008, DCAA had 4,200 employees and roughly 8,064,000 work hours available (assuming that each auditor had 1,920 audit hours available per year (which may be overstating the situation, but not materially.) That year, DCAA issued 30,352 reports. So DCAA spent an average of 265.7 hours per report and issued about 7.23 reports per employee.

In GFY 2011, DCAA had 4,777 employees, and thus roughly 9,171,840 work hours available. That year, DCAA issued 7,390 reports. So DCAA spent an average of 1,241.1 hours per report and issued about 1.5 reports per employee.

Comparing GFYs 2008 and 2011, DCAA had 577 more staff, but spent nearly *1,000 more hours* on every completed audit report (975 more hours per report, to be exact). In GFY 2011, DCAA was only 21 percent as productive as it was in GFY 2008—meaning that the audit agency was 89 percent less efficient.

Or, to use Professor Loeb's approach to the analysis, *DCAA's productivity dropped by 467 percent*.

We can go on picking apart these numbers. (For example, nobody has commented yet on DCAA's implementation of electronic working papers and the resulting efficiencies that step was supposed to create.) But it doesn't matter; the end result is the same. Whether you approach things from Professor Loeb's perspective, or from "Bill O-5's" perspective—or from "Cajun CPA's" perspective—the inescapable fact of the matter is that DCAA's productivity dropped *astoundingly* between GFY 2008 and GFY 2011.

The numbers speak for themselves, to those who are willing to listen.