

DCAA Targeted in Better Buying Power 2.0

Written by Nick Sanders

Tuesday, 20 November 2012 00:00



Honestly, we cannot think of a better non-governmental resource on the Pentagon's Better Buying Power initiative than this blog site. It's all here, from the original SECDEF Gates 2010 [speech](#)

at the Eisenhower Library to the [establishment](#)

of the Better Buying Power initiative website at the Defense Acquisition University. Along the way we've written numerous articles on various aspects of the "affordability and efficiency" initiative now known as Better Buying Power (BBP), copied slide sets into our knowledge resources library, and added links to our Link Reference Page. From supply chain management to "should-cost" analysis, and from cost affordability to attacks on contractor profit, we think we've got this particular issue covered.

And now we announce that the Pentagon has unveiled BBP 2.0 like Ford unveils the next year's Mustang model: with pomp, self-congratulations, and a [press conference](#).

Readers, please recall that BBP 1.0 focused on five attack vectors. BBP 2.0 adds two more to the list, for a total of seven focus areas. The new attack vectors include "Increase effective use of Performance-Based Logistics" and "Improve the Professionalism of the Total Acquisition Workforce." As was the case with BBP 1.0, the devil is in the BBP 2.0 details.

Here are the [BBP 2.0 details](#).

[Here are](#) some more BBP 2.0 details.

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Here are some snippets of policy details from those links:

BBP 2.0 introduces a new focus area to support and recognize members of the acquisition workforce. Our acquisition professionals are essential to changing the way we provide critical capabilities to the Warfighter. Within this area, we are introducing four new initiatives:

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Establish higher standards for key leadership positions

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Establish stronger professional qualification requirements for all acquisition specialties

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Increase the recognition of excellence in acquisition management

- Continue to increase the cost consciousness of the acquisition workforce – change the culture

Additionally, BBP 2.0 includes new initiatives focused on: enforcing affordability caps; controlling costs through cost performance measurement, stronger partnerships with the requirements community, and increasing the incorporation of defense exportability features in initial designs; incentivizing industry by aligning profitability more tightly with Department goals and employing appropriate contract types; increasing the effective use of performance-based logistics; reducing cycle times while ensuring sound investment decisions; using the technology development phase for true risk reduction; and strengthening contract management through the expanded use of requirements review boards and tripwires, among others.

We were very interested to see that DCAA made the list of areas in which the drive for affordability and efficiency might significantly impact the DOD budgetary landscape. Under “Incentivize Productivity and Innovation in Industry and Government,” one finds:

Reduce backlog of DCAA Audits without compromising effectiveness: The Department has a significant backlog in both closeout and pre-award audits. DCAA, with the assistance

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DCMA and DPAP, is increasing audit resources and developing a risk-based process for reducing the audit backlog. We expect to make major gains in reducing audit-associated delays in both contract closeouts and pre-award audits in 2013.

In the press conference (link above), USD (AT&L) Frank Kendall commented as follows—

There's been a problem for some time now, and this is about productivity. Today, it takes almost a year-and-a-half to award a contract -- a competitive contract. When I was starting out in this business, we could do it routinely in about nine months. And one of the reasons for those delays is the auditing that's required.

Now, DCAA, the contract audit administration -- agency has a long backlog of both closeout audits at the end of contracts, which our industry doesn't get paid fully until they close out the contract; and also pre-award audits. So, we're working closely with the DCAA to put a number of techniques in place to try to reduce that backlog and improve our efficiency and productivity there. It's taking far too long to get people on contract today.

Candidly, we're not sure what the Honorable USD (AT&L) was actually saying in the above comments. He seemed to be focusing on "priced proposal" audits—an area in which DCAA and DOD have already made significant strides in reducing audit workload. They reduced the workload by arbitrarily deciding that cost proposals under a certain value [would no longer be audited](#); they would no longer count as part of the audit backlog. So if there's a backlog, it's not over at DCAA. In fairness, we agree that DCAA still takes too long to perform those audits (when they choose to perform them), but again, we don't see that as a backlog situation.

The USD (AT&L) also mentioned "closeout audits," which is an area that most government contract cost accounting and acquisition practitioners haven't had a lot of experience with. The reason they haven't had a lot of experience is that almost nobody is actually doing them anymore. You need final billing rates—audited and negotiated and signed-off in accordance with FAR Part 42.7 and contract clause 52.216-7—before you get to the point of actually submitting final vouchers and having a contract close out audit. Since DCAA has such an unbelievably large backlog of "incurred cost audits" on its collective desk, most contractors can't get to the stage of actually having final billing rates ... so DCAA never gets a chance to actually perform contract closeout audits.

If the Honorable Frank Kendall was actually trying to note that the lack of productivity with respect to performing audits of the annual contractor proposal for final billing rates has impacted DOD's ability to actually close out its whiskered contracts, then we absolutely agree. And we have posted [blog articles](#) on that particular issue. [Repeatedly](#).

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We've also [published](#) an article covering DCAA's brand-new approach to reducing its incurred cost audit backlog. The audit agency's approach (as approved by DOD leadership) is very similar to its approach to reducing the backlog of priced proposal audits: *just stop performing audits on "low-risk" contractor proposals.*

That this new approach will inevitably lead to many millions of contract dollars going unaudited hardly needs to be said—but we say it for the record, so that one day we'll link to this article (and other similar ones) and go "*We told you so. Neener neener.*" (And we'll feel superior about our perspicacity for a minute or two.)

Yet, in fairness, we are forced to concede that the risk-based approach *will* lead to a reduced audit backlog. So we expect that DCAA Director Pat Fitzgerald, and the Honorable USD (AT&L) Frank Kendall, and the Deputy Secretary of Defense will have lots of opportunity for back-patting in a year or so, when they proudly announce the successful strides made under Better Buying Power 2.0.

Yeah, there are other aspects of BBP 2.0 that are probably worth discussing. Some interesting stuff, particularly with respect to enhancing the competency of acquisition folks. But somehow we just don't have the heart for it right now. Why don't you click a link or two and read for yourself.