

DCAA [recently published](#) another *Year in Review* for its workforce, this time focusing on GFY 2013 accomplishments. Bill Keating discussed it at the recent

[Executive Seminar](#)

on DCAA Audits (hosted by BDO and the Public Contracting Institute. I (Nick Sanders) was an invited speaker and I suppose I should translate my semi *ex tempore*

remarks into something coherent at a future point in time. Anyway Bill did an excellent job of pointing out concerns with the metrics reported by DCAA without actually criticizing anything. It was a very good job of dancing that fine line between shrilly criticizing and calmly accepting; a line that I have a very hard time finding most of the time.

I don't really want to get into it here. I mean, I take issue with DCAA's metrics and have done so many times here on the blog. But I don't want to go into the usual blathering about inflated taxpayer savings and embarrassing QC sustention rates once again. It's just not that interesting to me anymore. I've spoken out (and written out) and my positions are a matter of public record; just check out the blog articles. What more can I say? It's not like anything ever changes over at Fort Belvoir. DCAA, as a bureaucratic organization, continues to play its bureaucratic organizational games and accountability is rarely evident. I don't feel like once again pointing out the abnormal organizational psychology issues evidenced by policy and behavior. The lack of organizational change and a seeming intractable desire to prepare working paper after working paper, regardless of any value to the acquisition process, is too depressing to contemplate, let alone write about.

Moreover, the fact of the matter is that the *Year in Review* publication is first and foremost an *internal*

publication meant for the DCAA workforce. It's intentionally biased toward positive aspects and that's as it should be. I would no more expect an unbiased, objective, internally focused publication than I would expect an unbiased, objective, annual report from a publicly traded company. So I'm not going to say mean things about the content.

But the metrics in the DOD IG Semiannual Report to Congress and the more recent DCAA Annual Report to Congress are fair game, I think. I spent too much time compiling numbers from each report going back to 2006. It's hard to do much in the way of in-depth analysis, because what's being reported is not always consistent. For example, in the 2009b report to Congress, DCAA/DOD IG reported "assignments completed" instead of audit reports issued, because (as was explained in the footnotes) not every audit assignment concludes with issuance of an audit report. But in the next Report (2010a), DCAA/DOD IG was back reporting audit reports issued (and then noting assignments completed in the footnotes). Also,

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there are some interesting games being played with "questioned costs" versus "funds that can be put to better use." It was not until recently that DCAA started claiming questioned costs in audits of contractors' proposals; historically those values had been reported as "funds that can be put to better use". Finally, there is some discrepancy between Audit Work Years and Auditor Staffing. So it's tough to do a lot of trend analysis.

Instead, let me report some facts for your amusement.

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In 2010 and 2011, about one-third of DCAA assignments were completed without issuance of a formal audit report. In 2012 about 40% of all assignments were completed without issuance of an audit report. In 2013, the number had risen to 54%. *By 2013, almost 6 out of 10 DCAA assignments were reported as being complete without the issuance of a formal audit report.* We've commented on the growing phenomenon several times on the site. Suffice to say, it's hard to get gigged for GAGAS failures when an audit report never gets issued.

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Much has been written, here and elsewhere, about the dramatic drop in DCAA audit productivity. Because of the reporting legerdemain between audit reports issued and audit assignments completed (as noted above) it's tough to make rigorous and rigorously fair conclusions. But the amount of dollars "examined" (*i.e.*, audited) has not noticeably been monkeyed with. Accordingly, we can say with confidence that while 2013 audit staffing is almost exactly 10% higher than 2006 audit staffing, the 2013 dollars examined are just about 50% lower than 2006 values. (In 2006 DCAA examined \$310,591,800; in 2013 DCAA examined \$163,075,100.)

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In 2006, DCAA issued 2,413 CAS-related audit reports, in which \$89.2 Million was questioned. In 2013, DCAA issued 725 CAS-related audit reports, in which \$157.4 Million was questioned. At first blush, it seems DCAA was more efficient or maybe more productive in 2006; or perhaps DCAA was more rigorous in 2013. But it's not necessarily the quantity of audit reports issued that tells the story, nor it is necessarily the amount of costs questioned.

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Consider: In 2006, DCAA questioned about 40% of all dollars examined in CAS-related audits. In 2013, DCAA questioned about 44% of all dollars examined in CAS-related audits. Obviously, then, the dollar value of each individual CAS-related assignment in 2013 was much greater than in 2006.

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In 2006, DCAA issued 485 post-award ("defective pricing") audits, in which \$92.7 Million was questioned. In 2013, DCAA issued 31 post-award audits, in which \$115.9 Million was questioned. Since DCAA does not report post-award dollars examined, we cannot comment further.

Make of the foregoing what you will.