

Boundary Conditions

Second Acquisition Reform Event

July 29, 2014

These are working papers and do not necessarily represent the views of NDIA, its staff, or members.

Audit Oversight

- **Problem Statement:** Audit oversight, while a necessary ingredient for successful acquisition process, can be a burdensome and expensive process for both government and industry. Typical industry compliance staffing directly supporting DCAA requirements runs approximately one-third of government audit staffing. Total industry staffing directly and indirectly supporting audit requirements approximates the DCAA staffing. Performance of GAGAS compliant audits has caused a substantial audit backlog and lengthened cycle time for audit services. For example, the incurred cost backlog has driven additional costs/issues in terms of records retention, audit support of 5-6 years, maintaining old contracts that are physically complete, expiring funds maintenance, settlement of issues before the statute of limitations on claims runs its course, etc.

These are working papers and do not necessarily represent the views of NDIA, its staff, or members.

Audit Oversight

- **Root Cause:** The public accounting professionals offer a variety of services (such as audits, reviews, compilations, or consulting services) that use risk, materiality, and other criteria to determine the level of service necessary. However, the government primarily relies upon full audits that meet GAGAS requirements with relatively few audits meeting lower standards.
- **Solution Proposal:** There needs to be a risk and materiality based approach to the selection of the necessary audit services requested to be performed by DCAA. The use of other analytical procedures in lieu of full audits should be considered where appropriate. Examples include the use of decrements to settle old incurred cost years, use of analytical techniques in lieu of full audits to settle low risk incurred cost audits regardless of size, comparison of the cost of audit versus potential savings to negotiate settlements
- **Current Law:**

These are working papers and do not necessarily represent the views of NDIA, its staff, or members.

Assignment of Acquisition Managers

- **Problem Statement:** The assignment of the acquisition managers (i.e., PEOs, Program Managers, Deputy Program Managers, etc.) needs to be reviewed to ensure personnel with the critical skills are properly placed within the acquisition system.
- **Root Cause:** The oversight and promotion system may be a problem but the ability to impact that will be met with extreme resistance . There may have been too many waivers and assignment of personnel without the critical skills or their assignments have been shortened and not completed prior to the completion of a major milestone.
- **Solutions Proposal:** There needs to be additional information gathered to understand the current state of assignment and critical skills of PEO, Program Managers and Deputy Program Managers, etc.

These are working papers and do not necessarily represent the views of NDIA, its staff, or members.

Assignment of Acquisition Managers

- **Current Law:** 10 USC. 1734 (a) and (b) establishes assignment period for personnel assigned to critical acquisition positions (i.e., PEOs, Program Managers, Deputy Program Managers, etc). Subsection (d) provides for a waiver of the assignment period.
- **Current Regulation:** DODI 5000.02 Nov 2013 Enclosure 2 establishes the DoD policy for assignments of PEOs and Program Managers. [It should be noted that this DODI does not address Deputy Program Managers. {Is this in counter-intervention of Title 10?}] The DODI also establishes that “The PEO will be dedicated to executive management of assigned programs and will not have other command responsibilities”. [Not sure this is reality in some of the DoD Services and Agencies.] The DODI also addresses the waiver policy but states for Program Managers “Waivers should be granted rarely”.

These are working papers and do not necessarily represent the views of NDIA, its staff, or members.

Questions?

DRAFT

These are working papers and do not necessarily represent the views of NDIA, its staff, or members.