

SECTION  
**809**  
PANEL

*Streamlining  
&  
Codifying  
Acquisition*

**THE SECTION 809 PANEL**

*January 2018 Volume I Report :Section 2  
Contract Compliance and Audit*

# What is the Section 809 Panel?

Overview of the January  
2018 Volume 1 Report

*BOLD.*

*SIMPLE.*

*EFFECTIVE.*

- Congressionally mandated (FY16 NDAA), independent, non-FACA commission tasked with streamlining and improving the defense acquisition process
- 16 commissioners who are senior marketplace and government leaders with more than 350 years of collective experience
- A catalyst for restoring agility and simplicity to defense acquisition through bold and effective solutions
- Focused on creating an agile and simple defense acquisition process that provides warfighters what they need, when they need it

# Overview of Volume I Report

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2018 Volume 1 Report

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**EFFECTIVE.**

Our recommendations cover:

- Marketplace Framework
- Commercial Buying
- **Contract Compliance & Audit**
- Defense Business Systems
- Earned Value Management
- Services Contracting
- Small Business
- Statutory Office and Reporting Requirements

- ★ 24 Major Recommendations
- ★ 75 Total Recommendations  
(with Sub-Recommendations)
- ★ 642 pages

# Contract Compliance and Audit

## *The Problem*

Overview of the January  
2018 Volume 1 Report

- The Department of Defense contract compliance oversight process is one of the barriers to entry in the DoD marketplace
  - .... it is not always timely, efficient, or effective.
  - .... stakeholders argue that the costs of DoD's compliance process outweighs the benefits the government attains.

# Contract Compliance and Audit

## *Guiding Principles*

Overview of the January  
2018 Volume 1 Report

- **FOCUS ON MISSION:** The primary mission of DoDs compliance system is to support contracting officer decisions
- **VALUE TIME:** Perfect audits delivered late are just perfect audits
- **SIMPLIFY:** Materiality and risk should play a role
- **OPERATE WITH COOPERATIVE SPIRIT:** The system of compliance must be balanced with the needs of the entire acquisition team

# Contract Compliance and Audit *Recommendations*

Overview of the January  
2018 Volume 1 Report

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- **THEME 1: Enhance DCAA's focus on the contracting officer and acquisition team.**
- **Recommendation 5: Align DCAA's mission statement to focus on its primary customer, the contracting officer.**
- **Recommendation 6: Revise the elements of DCAA's annual report to Congress to incorporate multiple key metrics.**
- **Recommendation 7: Provide flexibility to contracting officers and auditors to use audit and advisory services when appropriate.**
- **Recommendation 8: Establish statutory time limits for defense oversight activities.**
- **Recommendation 9: Permit DCAA to use IPAs to manage resources to meet time limits.**

# Contract Compliance and Audit *Recommendations*

Overview of the January  
2018 Volume 1 Report

- **Theme 2: Use accepted commercial standards and practices with objective and standardized compliance criteria.**
- **Recommendation 10: Replace system criteria from DFARS 252.242-7006, Accounting System Administration, with an internal control audit to assess the adequacy of contractors' accounting systems.**
- **Recommendation 11: Develop a Professional Practice Guide for DoD's oversight of contractor costs and business systems.**
- **Recommendation 12: Require DCAA to obtain peer review from a qualified external organization.**

# Contract Compliance and Audit *Recommendations*

Overview of the January  
2018 Volume 1 Report

- **Theme 3: Provide more effective and efficient contract compliance oversight.**
- **Recommendation 13: Increase coverage of the effectiveness of contractor internal control audits by leveraging IPAs.**
- **Recommendation 14: Incentivize contractor compliance and manage risk efficiently through robust risk assessment.**
- **Recommendation 15: Clarify and streamline the definition of and requirements for an adequate incurred cost proposal to refocus the purpose of DoD's oversight.**



# Section 809 Panel Next Steps

*Overview of the January  
2018 Volume 1 Report*

*BOLD.*

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- The panel continues to prepare for the next iterations of the report: June 2018 Volume II and January 2019 Volume III.
- Need more information? Email us at [SEC809@dau.mil](mailto:SEC809@dau.mil) or go to our website, [section809panel.org](http://section809panel.org).
- Any questions?