

## Recommendation 5: Align DCAA's mission statement to focus on its primary customer, the contracting officer.

### Problem

DCAA was established to provide accounting, auditing, and financial advisory services to DoD contracting officers and acquisition teams. In 2010, DCAA changed its mission statement to emphasize the taxpayer and the public interest, which takes the focus of the agency away from its primary customer.

### Background

DoDD 5105.36, revised January 4, 2010, implemented an updated DCAA mission statement.<sup>1</sup> Those changes shown in the highlighted text below:

*The DCAA, while serving the public interest as its primary customer, shall perform all necessary contract audits for the Department of Defense and provide accounting and financial advisory services regarding contracts and subcontracts to all DoD Components responsible for procurement and contract administration. These services shall be provided in connection with negotiation, administration, and settlement of contracts and subcontracts to ensure taxpayer dollars are spent on fair and reasonable contract prices. DCAA shall provide contract audit and advisory services to other federal agencies, as appropriate.*

DCAA supplements its mission statement, published on its website, with the following:

*As a key member of the government acquisition team, we are dedicated stewards of taxpayer dollars who deliver high quality contract audits and services to ensure that warfighters get what they need at fair and reasonable prices.<sup>2</sup>*

DCAA added the word *taxpayer* in its mission statement because of an October 2008 Defense Business Board (DBB) recommendation, which stated the following

*[DCAA's] mission fostered the culture of supporting contracting officials, and the value system was one of quantity (number, cost, timeliness of audits) over quality (results and adherence to [Generally Accepted Government Auditing Standards] GAGAS) which was further reinforced by the performance metrics that drove the organization. To address this situation, the DCAA mission needs to be redefined to clearly establish the taxpayer as the ultimate customer and establish a core value of performing high quality, independent and objective contract audits that adhere to GAGAS and ensure that taxpayer dollars are spent on fair and reasonable contract prices.<sup>3</sup>*

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<sup>1</sup> Defense Contract Audit Agency (DCAA), DoDD 5105.36 (2010).

<sup>2</sup> "About DCAA: Mission," Defense Contract Audit Agency, accessed November 1, 2017, <http://www.dcaa.mil/Home/AboutDCAA?title=Mission>.

<sup>3</sup> Defense Business Board, *Independent Review Panel Report on the Defense Contract Audit Agency, Report FY09-1, Recommendations for improving DCAA mission, strategic planning, culture, structure, and business practices*, accessed November 1, 2017, [http://dbb.defense.gov/Portals/35/Documents/Reports/2008/FY09-1\\_Independent\\_Review\\_Panel\\_Report\\_Defense\\_Contract\\_Audit\\_2008-10.pdf](http://dbb.defense.gov/Portals/35/Documents/Reports/2008/FY09-1_Independent_Review_Panel_Report_Defense_Contract_Audit_2008-10.pdf).

GAO criticized DBB's findings in its 2009 audit report on DCAA's audit quality. GAO noted:

*Our report does not endorse the specific recommendation of the DBB to focus on the taxpayer as the primary customer. As our report points out, this recommendation does not take into account the regulatory and policy requirements that establish DCAA's primary role as an advisor to government contracting officers and disbursing officers...GAGAS states the principle that 'observing integrity, objectivity, and independence in discharging [auditors'] professional responsibilities assists auditors in meeting the principle of serving the public interest and honoring public trust.'*

*"In providing [assurance that contract prices are fair, reasonable and compliant with government accounting rules], DCAA audits would necessarily take into account serving the public interest. However, when DCAA audits do not meet GAGAS, they do not provide assurance and thus do not serve the public interest."<sup>4</sup>*

## Findings

The mission of DCAA is to perform its oversight responsibilities in accordance with professional standards. Compliance with professional standards will fulfill the agency's mission, as well as provide a level of confidence in its work product that is consistent with the highest ethical and professional standards in the industry. DCAA must emphasize its mission to be a trusted advisor to contracting officers by exercising unbiased professional judgment relative to contractor compliance with government accounting laws, rules, and regulations.

## Conclusions

GAO has accurately assessed that supporting the contracting officer is DCAA's primary role. Contracting officers, DCAA auditors, and acquisition team members are all responsible to the taxpayer. High quality, independent, and objective work performed by DCAA in accordance with professional standards will serve the taxpayer's interest. Contracting officers are best supported by DCAA in adhering to stringent professional standards if the organization's mission statement focuses on serving the customers. When DCAA serves contracting officers well and these individuals are able to perform quality work, taxpayers will benefit as well.

## Implementation

### Legislative Branch

- No statutory changes are required.

### Executive Branch

- Revise DCAA's mission statement in DoDD 5105.36 to focus on its primary customer, the contracting officer.

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<sup>4</sup> GAO, *DCAA Audits: Widespread Problems with Audit Quality Require Significant Reform*, GAO-09-468, 79-80, accessed September 15, 2017, <http://www.gao.gov/assets/300/295684.pdf>.

***Implications for Other Agencies***

- There are no cross-agency implications for this recommendation.

***Revised DCAA Mission Statement***

DCAA shall perform all necessary accounting and financial advisory services and contract audits for the Department of Defense. DCAA will be a trusted advisor to all contracting officers of DoD Components responsible for procurement and contract administration. These services shall be provided in connection with negotiation, administration, and settlement of contracts and subcontracts to assist contracting officers as they protect the public interest by establishing fair and reasonable prices in accordance with contract terms. DCAA shall provide contract audit and advisory services to other federal agencies, as appropriate.