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Description of document: Defense Contract Audit Agency (DCAA) records projecting the possible impact of sequestration on agency functions and operations, 2013

Requested date: 21-May-2013

Released date: 21-June-2013

Posted date: 02-September-2013

Title of documents: DCAA Daily Sequester Impact, 1 March 2013
Impact of 20 Percent Budget Cut on DCAA

Source of document: FOIA Request
Defense Contract Audit Agency
ATTN: FOIA Service Center
8725 John J. Kingman Road, Suite 2135
Fort Belvoir, VA 22060-6219
Email: DCAA-FOIA@dcaa.mil

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DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219

IN REPLY REFER TO

CM 502.4
A-13-005-H

June 21, 2013

This is in response to your May 21, 2013, Freedom of Information Act (FOIA) appeal letter in which you are appealing the FOIA exemption b5 withholding of DCAA documents projecting the possible impact of sequestration on agency functions and operations. Your original Freedom of Information Act request was dated April 27, 2013, (DCAA FOIA Case Number I-13-050-H).

Based upon a new review of responsive records originally withheld by DCAA, it has been determined that these documents projecting the possible impact of sequestration on DCAA functions and operations may now be released to you. Therefore, I carefully reviewed the documents responsive to your request and determined that eleven documents, totaling sixty-six pages, on the enclosed compact disc may be released to you with redactions. The redactions are in accordance with the FOIA under the following exemption: (b)(5), information is predecisional inter/intra agency data that is part of a decision-making process containing opinions and recommendations.

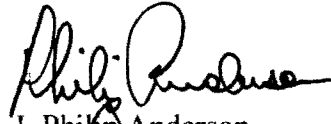
For your information, one document totaling twenty-one pages, has been determined not to be responsive to your original request. The document discussed DCAA's mission and activities prior to the formulation of sequestration.

This determination is the final decision of this Agency on your appeal. If you disagree with this decision, you may seek judicial review in the United States District Courts in the district where you are located, where the requested information is located, or in the U.S. District Court of the District of Columbia.

CM 502.4

Should you have any further questions, please contact Mr. Keith Mastromichalis, Information and Privacy Adviser at (703) 767-1022.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Philip Anderson". The signature is fluid and cursive, with the first name "J. Philip" and the last name "Anderson" clearly distinguishable.

J. Philip Anderson
Assistant Director, Resources

Enclosure:

1. DCAA FOIA Appeal A-13-005-H Release Compact Disc



DCAA Daily Sequester Impact

1 March 2013



DCAA Daily Sequester Impacts

1 March 2013

- Personnel impacts
 - Three Headquarters Schedule A student hires with targeted disabilities slated to be terminated due to their part time status at the end of this pay period
 - 28 rehired annuitants placed on intermittent work schedules with zero work hours 9 March
 - Temporary employees are scheduled to be terminated on 9 March
 - Non-auditor training almost all stopped
 - Tuition assistance on hold Agency-wide
 - 285 non-mission critical positions will remain vacant
 - Average attrition for February is 25 full time employees who will not be replaced
 - 3.5 Full Time Equivalents dedicated to sequestration efforts in Headquarters HR shop
- Productivity impacts
 - Executive steering committee quarterly meeting cancelled, roughly \$15,000 saved
 - Two additional auditor classes have been cut; that raises the total courses eliminated to 32 classes cancelled through 18 March
 - Most training requiring TDY suspended
- Financial management impacts
 - Region requested additional \$98,000 for audit-related mission travel denied because of sequestration cuts to all but most mission-critical travel
 - Personnel requesting support from Agency tuition assistance program requests denied benefits for classes for period of sequester
 - OPM guidance to suspend all awards issued yesterday



DCAA Daily Sequester Impacts

First Quarter 2013

1 October 2012 to 28 February 2013

- Worse case scenarios
 - (b) (5)
 - (b) (5)
 - (b) (5)
 - Substantial risk to mission – (1) may restrict mission to lowest priority (local) work, (2) reduces the Department's ability to close contracts before funds expire, (3) may impact DoD's ability to negotiate best contract award prices
- Personnel Impacts
 - Limited hiring to replace attrition first quarter FY13 (Sept 12 to Jan 13)
 - Implemented Agency-wide hiring freeze on 15 Jan 13
 - Terminated temporary employees
 - Converted rehired annuitants to non-pay status
- Productivity Impacts
 - Impact on Workyear execution – reduction of 698 workyears
 - Impact on End Strength – reduction of 616 end strength from original budget requirement
 - (b) (5)
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 - (b) (5)
 - Severely curtailed travel
 - 32 DCAI training classes cancelled thru 18 Mar 2013; suspended most training requiring TDY
 - Most PCS on hold
 - Suspended overtime
 - Facilities projects on hold

(b) (5)

Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exempted from Action</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Instituted hiring freeze which will reduce staff Agency-wide by 614 from planned endstate	614	O&M	N/A	10,933,000	N/A	N/A	N/A	52	1/15/13 instituted a hiring freeze; only mission critical exceptions approved by Deputy Director on case-by-case basis
(b) (5)											
1/15/2013	DCAA	Suspended overtime			N/A	1,147,000	N/A	N/A	N/A	75	
1/15/2013	DCAA	Suspended PCS except for mission critical positions		O&M	N/A	660,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Reduction to other pay - overseas allowances (not replacing behind)		O&M	N/A	520,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspend Agency computer buy; limit supplies and training tuition				7,710,000					
1/15/2013	DCAA	Delays facilities projects, other contracts				6,720,000					
1/15/2013	DCAA	Suspended most training (DCAI), cancelled 32 classes through the end of									
1/15/2013	DCAA	March saving travel funds		O&M	N/A	5,772,000		Memphis	TN	N/A	
1/15/2013	DCAA	Suspended all awards		O&M	N/A	4,200,000	N/A	N/A	N/A	N/A	

(b) (5)

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<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u> <u>Describe Contract Action using</u> <u>action verbs</u>	<u>Major Budget Line Item</u> <u>Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u> <u>Value of Action</u>	<u>Contractor Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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terminate/reduce/delay/standdown				\$ in Millions							
Date of Action	Organization	Describe action using action verbs	Activity Affected	Account	Fiscal Year	Value of Action	Location/Unit Affected	Base	City	State	Comments/Explanation
1/15/2013	DCAA	Reduced amount of dollars saved for Incurred Cost Audits	O&M	O&M	2013	(b) (5)	DCAA-wide	N/A	N/A	N/A	DCAA saves DoD \$6.70 per dollar spend on the Agency. Because DCAA stopped planned growth and is shrinking at roughly 9% a year, fewer audits will be accomplished. The cost of these lost audits is roughly \$868M.
		Reduction in number of incurred cos Audits of Defense Depart	O&M	O&M	2013		DCAA-wide	N/A	N/A	N/A	Lower risk audits will be accomplished in some cases because the higher risk audits require expending travel monies the Agency does not have
		Reduction in travel for mission and t Audits and audit training	O&M	O&M	2013	\$5.8M	DCAA-wide	N/A	N/A	N/A	

terminate/reduce/delay

\$ in Millions

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1/15/2013	DCAA	Suspended all relocation of offices except those in a must move O&M			2,013.0		N/A	N/A	N/A	All but three construction projects on hold; those three are must-move situations

terminate/reduce/delay

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exempted from Action</u>	<u>Comments/Explanation</u>
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(b) (5)											
1/15/2013	DCAA	Suspended overtime	5,145	O&M	N/A	1,147,000	N/A	N/A	N/A	43	
1/15/2013	DCAA	Suspended PCS except for mission critical positions	TBD	O&M	N/A	660,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Reduction to other pay - overseas allowances (not replacing behind)	TBD	O&M	N/A	520,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspend Agency computer buy; limit supplies and training tuition	1,712	O&M	N/A	7,710,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Delays facilities projects, other contracts	TBD	O&M	N/A	6,720,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspended most training (DCAI), cancelled 32 classes through the end of	TBD	O&M	N/A	5,772,000		Memphis	TN	N/A	
1/15/2013	DCAA	March saving travel funds	5,188	O&M	N/A	4,200,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspended all awards		O&M	N/A						

(b) (5)

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		Reduction in travel for mission and t Audits and audit training	O&M	O&M	2013	\$5.8M	DCAA-wide	N/A	N/A	N/A	Reduction in travel may limit some auditors and audit offices to performing lower risk audits simply because they are local and won't incur travel expenses

terminate/reduce/delay

\$ in Millions

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1/15/2013	DCAA	Suspended all relocation of offices except those in a must move O&M			2,013.0		N/A	N/A	N/A	All but three construction projects on hold; those three are must-move situations

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1/15/2013	DCAA	Suspended overtime	5,145	O&M	N/A	1,147,000	N/A	N/A	N/A	43	Other than deployed OCO staff, significantly reduced overtime
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terminate/reduce/delay

\$ in Millions

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terminate/reduce/delay

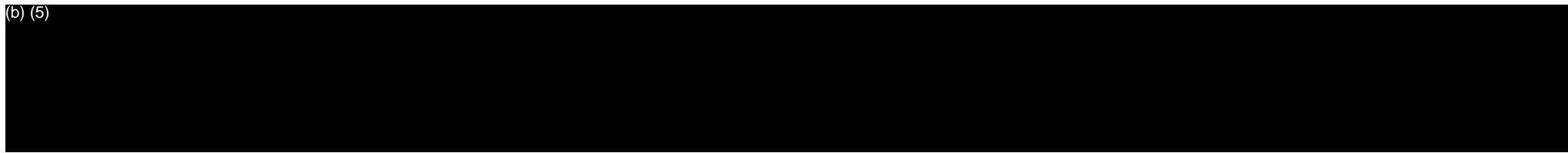
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1/15/2013	DCAA	Suspended all awards	5,188	O&M	N/A	4,200,000	N/A	N/A	N/A	N/A	
3/9/2013	DCAA	Terminated temporary employees	15	O&M	N/A	part of 10.9	N/A	N/A	N/A	N/A	Implemented termination of temporary employees. Terminating temporary employees resulted in savings rolled up in the \$10.9 figure in the first row
3/9/2013	DCAA	Suspended rehired annuitants	27	O&M	N/A	part of 10.9	N/A	N/A	N/A	N/A	Rehired annuitants were put on a zero-hours intermittent schedule; savings from this measure is rolled up into the \$10.9 figure in the first row

(b) (5)



(b) (5)



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01/2013	DCAA-HQ	Cancelled computer buy	OP-32 Line Item 925	O&M	2013	\$3.3M	Contract was not issued	Fort Belvoir		VA	Annual purchase to replace 1/3 of computers

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terminate/reduce/delay

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Suspended all relocation of offices except those in a must move O&M			2,013.0		N/A	N/A	N/A	All but three construction projects on hold; those three are must-move situations

terminate/reduce/delay

\$ in Millions

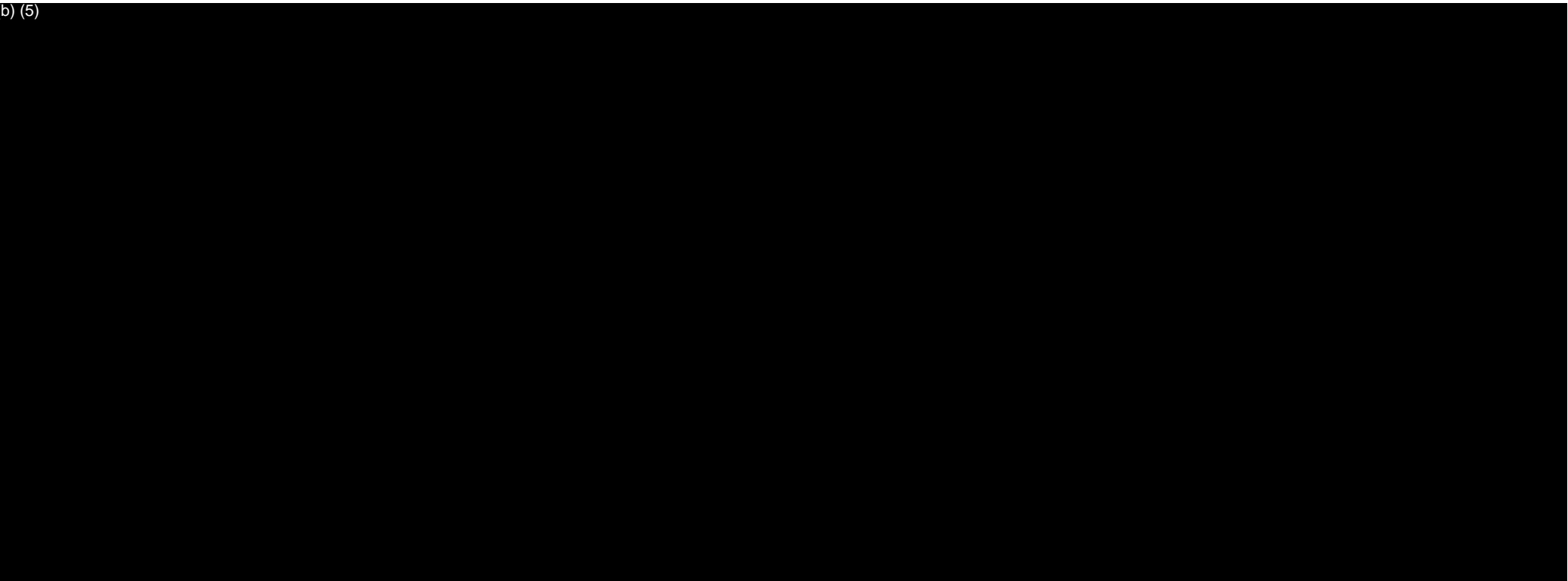
<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exceeded from Action</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Instituted hiring freeze which will reduce staff Agency-wide by 614 from originally planned and approved end strength	614	O&M	N/A	10,933,000	N/A	N/A	N/A	52	1/15/13 instituted a hiring freeze; only mission critical exceptions approved by Deputy Director on case-by-case basis
1/15/2013	DCAA	Suspended overtime	5,145	O&M	N/A	1,147,000	N/A	N/A	N/A	43	Other than deployed OCO staff, significantly reduced overtime to mission critical only.
1/15/2013	DCAA	Suspended PCS except for mission critical positions	TBD	O&M	N/A	660,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Reduction to other pay - overseas allowances (not replacing behind)	TBD	O&M	N/A	520,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspend Agency computer buy; limit supplies and training tuition	1,712	O&M	N/A	7,710,000	N/A	N/A	N/A	N/A	Details on the computer buy \$3.3M are included in the "Contracts" tab. Non-essential training is deferred which has saved a significant amount of travel training money.
1/15/2013	DCAA	Delays facilities projects, other contracts	TBD	O&M	N/A	6,720,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspended most training (DCAI), cancelled 32 classes through the end of March saving travel funds	TBD	O&M	N/A	5,772,000		Memphis	TN	N/A	Non-essential training is deferred which has saved a significant amount of travel training money.
1/15/2013	DCAA	Suspended all awards	5,188	O&M	N/A	4,200,000	N/A	N/A	N/A	N/A	
3/9/2013	DCAA	Terminated temporary employees	15	O&M	N/A	part of 10.9	N/A	N/A	N/A	N/A	Implemented termination of temporary employees. Terminating temporary employees resulted in savings rolled up in the \$10.9 figure in the first row
3/9/2013	DCAA	Suspended rehired annuitants	27	O&M	N/A	part of 10.9	N/A	N/A	N/A	N/A	Rehired annuitants were put on a zero-hours intermittent schedule; savings from this measure is rolled up into the \$10.9 figure in the first row

Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exempted from Action</u>	<u>Comments/Explanation</u>
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<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u>		<u>Contractor Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
		<u>Describe Contract Action using</u>				<u>Value of Action</u>	<u>action verbs</u>					
01/2013	DCAA-HQ	Cancelled computer buy	OP-32 Line Item 925	O&M	2013	\$3.3M		Contract was not issued	Fort Belvoir		VA	Annual purchase to replace 1/3 of computers. This action is also included in the "Civilians" tab regarding computer buy and training.

<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u> <u>Describe Grant Action using action</u> <u>verbs</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u> <u>Value of Action</u>	<u>Grantee Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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terminate/reduce/delay/standdown				\$ in Millions							
Date of Action	Organization	Describe action using action verbs	Activity Affected	Account	Fiscal Year	Value of Action	Location/Unit Affected	Base	City	State	Comments/Explanation
1/15/2013	DCAA	Reduced amount of dollars saved for Incurred Cost Audits	O&M		2013	(b) (5)	DCAA-wide	N/A	N/A	N/A	DCAA saves DoD \$6.70 per dollar spend on the Agency. Because DCAA stopped planned growth and is shrinking at roughly 9% a year, fewer audits will be accomplished. The cost of these lost audits is roughly \$868M.
		Reduction in number of incurred costs Audits of Defense Department	O&M		2013		DCAA-wide	N/A	N/A	N/A	Lower risk audits may be accomplished in some cases because the higher risk audits require expending travel monies the Agency does not have
		Reduction in travel for mission and training Audits and audit training	O&M		2013	\$5.8M	DCAA-wide	N/A	N/A	N/A	Reduction in travel may limit some auditors and audit offices to performing lower risk audits simply because they are local and won't incur travel expenses

terminate/reduce/delay

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Suspended all relocation of offices except those in a must move O&M			2,013.0		N/A	N/A	N/A	All but three construction projects on hold; those three are must-move situations

terminate/reduce/delay

\$ in Millions

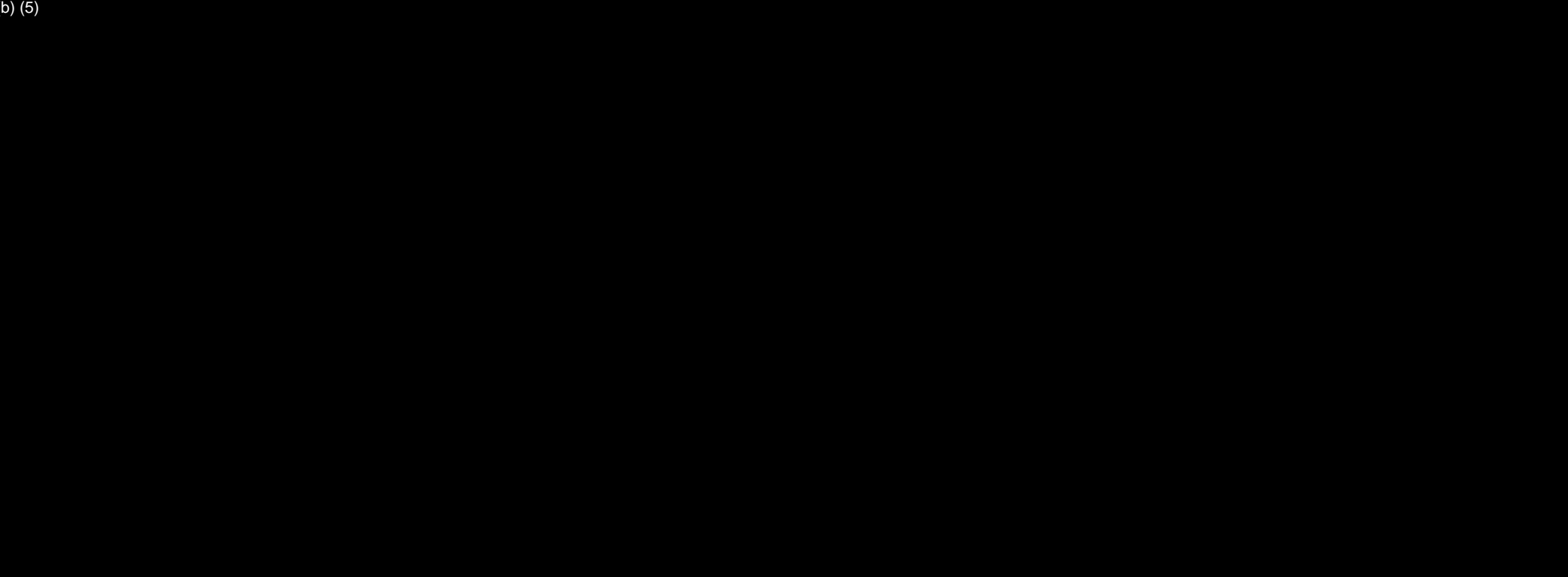
<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exceeded from Action</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Instituted hiring freeze which will reduce staff Agency-wide by 614 from originally planned and approved end strength	614	O&M	N/A	12,419,000	N/A	N/A	N/A	52	1/15/13 instituted a hiring freeze; only mission critical exceptions approved by Deputy Director on case-by-case basis. Hiring freeze has been implemented for approx 6 weeks. Tightened mission critical definition resulting in additional savings.
1/15/2013	DCAA	Suspended overtime	5,145	O&M	N/A	1,182,000	N/A	N/A	N/A	43	Other than deployed OCO staff, significantly reduced overtime to mission critical only. OT savings increased nominal amount.
1/15/2013	DCAA	Suspended PCS except for mission critical positions	TBD	O&M	N/A	442,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Reduction to other pay - overseas allowances (not replacing behind)	TBD	O&M	N/A	520,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspend Agency computer buy; limit supplies and training tuition	1,712	O&M	N/A	7,691,000	N/A	N/A	N/A	N/A	Details on the computer buy \$3.3M are included in the "Contracts" tab. Non-essential training is deferred which has saved a significant amount of travel training money. Savings decreased approximately \$19k.
1/15/2013	DCAA	Delays facilities projects, other contracts	TBD	O&M	N/A	6,880,000	N/A	N/A	N/A	N/A	Non-essential training is deferred which has saved a significant amount of travel training money. Additional classes have been suspended.
1/15/2013	DCAA	Suspended most training (DCAI), cancelled 51 classes through the end of March saving travel funds	TBD	O&M	N/A	6,037,000		Memphis	TN	N/A	
1/15/2013	DCAA	Suspended all other pay to include terminal lve and awards	5,188	O&M	N/A	5,040,000	N/A	N/A	N/A	N/A	
3/9/2013	DCAA	Terminated temporary employees	15	O&M	N/A	part of 12.4	N/A	N/A	N/A	N/A	Implemented termination of temporary employees. Terminating temporary employees resulted in savings rolled up in the \$10.9 figure in the first row
3/9/2013	DCAA	Suspended rehired annuitants	27	O&M	N/A	part of 12.4	N/A	N/A	N/A	N/A	Rehired annuitants were put on a zero-hours intermittent schedule; savings from this measure is rolled up into the \$10.9 figure in the first row

Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exempted from Action</u>	<u>Comments/Explanation</u>
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<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u>		<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
		<u>Describe Contract Action using</u>				<u>Value of Action</u>	<u>Contractor Affected</u>				
01/2013	DCAA-HQ	Cancelled computer buy	OP-32 Line Item 925	O&M	2013	\$3.3M	Contract was not issued	Fort Belvoir	VA		Annual purchase to replace 1/3 of computers. This action is also included in the "Civilians" tab regarding computer buy and training.

<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u> <u>Describe Grant Action using action</u> <u>verbs</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u> <u>Value of Action</u>	<u>Grantee Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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terminate/reduce/delay/standdown				\$ in Millions							
Date of Action	Organization	Describe action, using action verbs	Activity Affected	Account	Fiscal Year	Value of Action	Location/Unit Affected	Base	City	State	Comments/Explanation
1/15/2013	DCAA	Reduced amount of dollars saved for Incurred Cost Audits	O&M		2013	(b) (5)	DCAA-wide	N/A	N/A	N/A	DCAA saves DoD \$6.70 per dollar spend on the Agency. Because DCAA stopped planned growth and is shrinking at roughly 9% a year, fewer audits will be accomplished. The cost of these lost audits is roughly \$868M.
		Reduction in number of incurred cos Audits of Defense Depart	O&M		2013		DCAA-wide	N/A	N/A	N/A	Lower risk audits may be accomplished in some cases because the higher risk audits require expending travel monies the Agency does not have
		Reduction in travel for mission and t Audits and audit training	O&M		2013	\$5.8M	DCAA-wide	N/A	N/A	N/A	Reduction in travel may limit some auditors and audit offices to performing lower risk audits simply because they are local and won't incur travel expenses

terminate/reduce/delay

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Suspended all relocation of offices except those in a must move O&M			2,013.0		N/A	N/A	N/A	All but three construction projects on hold; those three are must-move situations

terminate/reduce/delay

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exceeded from Action</u>	<u>Comments/Explanation</u>
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1/15/2013	DCAA	Suspended overtime	5,145	O&M	N/A	1,182,000	N/A	N/A	N/A	43	Other than deployed OCO staff, significantly reduced overtime to mission critical only. OT savings increased nominal amount.
1/15/2013	DCAA	Suspended PCS except for mission critical positions	TBD	O&M	N/A	442,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Reduction to other pay - overseas allowances (not replacing behind)	TBD	O&M	N/A	520,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspend Agency computer buy; limit supplies and training tuition	1,712	O&M	N/A	7,691,000	N/A	N/A	N/A	N/A	Details on the computer buy \$3.3M are included in the "Contracts" tab. Non-essential training is deferred which has saved a significant amount of travel training money. Savings decreased approximately \$19k.
1/15/2013	DCAA	Delays facilities projects, other contracts	TBD	O&M	N/A	6,880,000	N/A	N/A	N/A	N/A	Non-essential training is deferred which has saved a significant amount of travel training money. Additional classes have been suspended.
1/15/2013	DCAA	Suspended most training (DCAI), cancelled 51 classes through the end of March saving travel funds	TBD	O&M	N/A	6,037,000		Memphis	TN	N/A	
1/15/2013	DCAA	Suspended all other pay to include terminal leave and awards	5,188	O&M	N/A	5,040,000	N/A	N/A	N/A	N/A	
3/9/2013	DCAA	Terminated temporary employees	15	O&M	N/A	part of 12.4	N/A	N/A	N/A	N/A	Implemented termination of temporary employees. Terminating temporary employees resulted in savings rolled up in the \$12.4 figure in the first row
3/9/2013	DCAA	Suspended rehired annuitants	27	O&M	N/A	part of 12.4	N/A	N/A	N/A	N/A	Rehired annuitants were put on a zero-hours intermittent schedule; savings from this measure is rolled up into the \$12.4 figure in the first row

Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exempted from Action</u>	<u>Comments/Explanation</u>
(b) (5)											

<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u>		<u>Contractor Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
		<u>Describe Contract Action using</u>				<u>action verbs</u>	<u>Value of Action</u>					
01/2013	DCAA-HQ	Cancelled computer buy	OP-32 Line Item 925	O&M	2013	\$3.3M		Contract was not issued	Fort Belvoir		VA	Annual purchase to replace 1/3 of computers. This action is also included in the "Civilians" tab regarding computer buy and training.

<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u> <u>Describe Grant Action using action</u> <u>verbs</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u> <u>Value of Action</u>	<u>Grantee Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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terminate/reduce/delay/standdown				\$ in Millions							
Date of Action	Organization	Describe action using action verbs	Activity Affected	Account	Fiscal Year	Value of Action	Location/Unit Affected	Base	City	State	Comments/Explanation
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		Reduction in number of incurred cos Audits of Defense Depart	O&M		2013		DCAA-wide	N/A	N/A	N/A	Lower risk audits may be accomplished in some cases because the higher risk audits require expending travel monies the Agency does not have
		Reduction in travel for mission and t Audits and audit training	O&M		2013	\$5.8M	DCAA-wide	N/A	N/A	N/A	Reduction in travel may limit some auditors and audit offices to performing lower risk audits simply because they are local and won't incur travel expenses

terminate/reduce/delay

\$ in Millions

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terminate/reduce/delay

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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Furlough/Terminate/Reduce Force

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Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exempted from Action</u>	<u>Comments/Explanation</u>
(b) (5)											

<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u>		<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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terminate/rescope/delay
Describe Grant Action using action verbs

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe Grant Action using action verbs</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Grantee Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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terminate/reduce/delay/standdown					\$ in Millions						
Date of Action	Organization	Describe action using action verbs	Activity Affected	Account	Fiscal Year	Value of Action	Location/Unit Affected	Base	City	State	Comments/Explanation
1/15/2013	DCAA	Reduced amount of dollars saved for Incurred Cost Audits	O&M		2013	187.6M	DCAA-wide	N/A	N/A	N/A	DCAA saves DoD \$6.70 per dollar spend on the Agency. Because DCAA stopped planned growth and is shrinking at roughly 9% a year, fewer audits will be accomplished. The cost of these lost audits is roughly \$187.6M.
		Reduction in number of incurred cos Audits of Defense Depart	O&M		2013		DCAA-wide	N/A	N/A	N/A	Lower risk audits may be accomplished in some cases because the higher risk audits require expending travel monies the Agency does not have
		Reduction in travel for mission and t Audits and audit training	O&M		2013	\$5.8M	DCAA-wide	N/A	N/A	N/A	Reduction in travel may limit some auditors and audit offices to performing lower risk audits simply because they are local and won't incur travel expenses

terminate/reduce/delay

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Suspended all relocation of offices except those in a must move O&M			2,013.0		N/A	N/A	N/A	All but three construction projects on hold; those three are must-move situations

terminate/reduce/delay

\$ in Millions

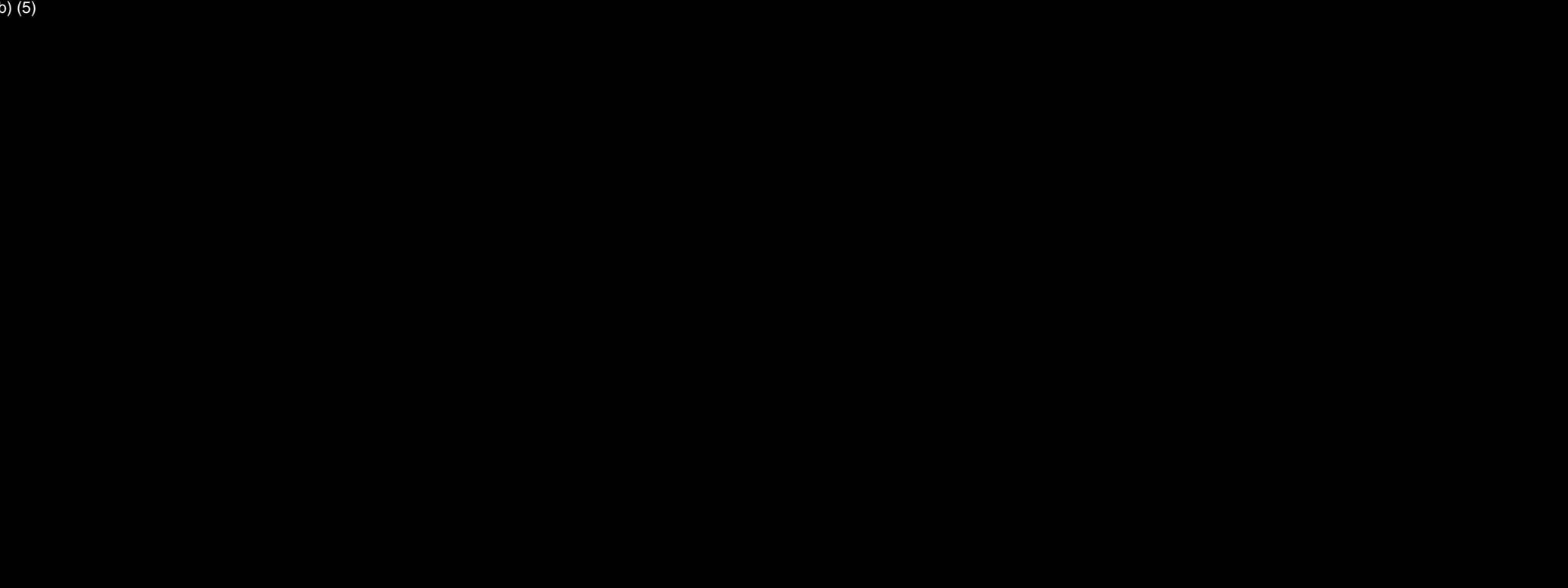
<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Excepted from Action</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Instituted hiring freeze which will reduce staff Agency-wide by 614 from originally planned and approved end strength	614	O&M	N/A	12,837,000	N/A	N/A	N/A	52	1/15/13 instituted a hiring freeze; only mission critical exceptions approved by Deputy Director on case-by-case basis. Hiring freeze has been implemented for approx 6 weeks. Tightened mission critical definition resulting in additional savings (\$418k).
1/15/2013	DCAA	Suspended overtime	5,145	O&M	N/A	1,250,000	N/A	N/A	N/A	43	Other than deployed OCO staff, significantly reduced overtime to mission critical only. OT savings increased nominal amount.
1/15/2013	DCAA	Suspended PCS except for mission critical positions	TBD	O&M	N/A	1,654,000	N/A	N/A	N/A	N/A	Savings increased (\$1.2M) due to hiring freeze and PCS restricted to mission critical only.
1/15/2013	DCAA	Reduction to other pay - overseas allowances (not replacing behind)	TBD	O&M	N/A	520,000	N/A	N/A	N/A	N/A	
1/15/2013	DCAA	Suspend Agency computer buy; limit supplies and training tuition	1,712	O&M	N/A	7,637,000	N/A	N/A	N/A	N/A	Details on the computer buy \$3.3M are included in the "Contracts" tab. Non-essential training is deferred which has saved a significant amount of travel training money. Savings decreased approximately \$54k.
1/15/2013	DCAA	Delays facilities projects, other contracts	TBD	O&M	N/A	6,936,000	N/A	N/A	N/A	N/A	Savings increased \$56k.
1/15/2013	DCAA	Suspended most training (DCAI), cancelled 51 classes through the end of March saving travel funds	TBD	O&M	N/A	6,088,000		Memphis	TN	N/A	Non-essential training is deferred which has saved a significant amount of travel training money. Additional classes have been suspended. Savings increased approximately \$51k due to another month of execution.
1/15/2013	DCAA	Suspended all other pay to include terminal leave and awards	5,188	O&M	N/A	5,040,000	N/A	N/A	N/A	N/A	
3/9/2013	DCAA	Terminated temporary employees	15	O&M	N/A	part of 12.4	N/A	N/A	N/A	N/A	Implemented termination of temporary employees. Terminating temporary employees resulted in savings rolled up in the \$12.4 figure in the first row
3/9/2013	DCAA	Suspended rehired annuitants	27	O&M	N/A	part of 12.4	N/A	N/A	N/A	N/A	Rehired annuitants were put on a zero-hours intermittent schedule; savings from this measure is rolled up into the \$12.4 figure in the first row

Furlough/Terminate/Reduce Force

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Number of People Affected</u>	<u>Payroll Account</u>	<u>Number of Furlough Days</u>	<u>Estimated Savings</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Number of People Exempted from Action</u>	<u>Comments/Explanation</u>
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<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u> <u>Describe Contract Action using</u> <u>action verbs</u>	<u>Major Budget Line Item</u> <u>Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u>		<u>Contractor Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
						<u>Value of Action</u>						
01/2013	DCAA-HQ	Cancelled computer buy	OP-32 Line Item 925	O&M	2013	\$3.3M		Contract was not issued	Fort Belvoir		VA	Annual purchase to replace 1/3 of computers. This action is also included in the "Civilians" tab regarding computer buy and training.

<u>Date of Action</u>	<u>Organization</u>	<u>terminate/rescope/delay</u> <u>Describe Grant Action using action</u> <u>verbs</u>	<u>Major Budget Line Item</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>\$ in Millions</u> <u>Value of Action</u>	<u>Grantee Affected</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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terminate/reduce/delay/standdown					\$ in Millions						
Date of Action	Organization	Describe action using action verbs	Activity Affected	Account	Fiscal Year	Value of Action	Location/Unit Affected	Base	City	State	Comments/Explanation
1/15/2013	DCAA	Reduced amount of dollars saved for Incurred Cost Audits	O&M		2013	67.6	DCAA-wide	N/A	N/A	N/A	DCAA saves DoD \$6.70 per dollar spend on the Agency. Because DCAA stopped planned growth and is shrinking at roughly 9% a year, fewer audits will be accomplished. The cost of these lost audits is roughly \$187.6M.
		Reduction in number of incurred costs Audits of Defense Department	O&M		2013		DCAA-wide	N/A	N/A	N/A	Lower risk audits may be accomplished in some cases because the higher risk audits require expending travel monies the Agency does not have
		Reduction in travel for mission and training Audits and audit training	O&M		2013	\$5.8M	DCAA-wide	N/A	N/A	N/A	Reduction in travel may limit some auditors and audit offices to performing lower risk audits simply because they are local and won't incur travel expenses

terminate/reduce/delay

\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
1/15/2013	DCAA	Suspended all relocation of offices except those in a must move O&M			2,013.0		N/A	N/A	N/A	All but three construction projects on hold; those three are must-move situations

terminate/reduce/delay


\$ in Millions

<u>Date of Action</u>	<u>Organization</u>	<u>Describe action using action verbs</u>	<u>Project Affected</u>	<u>Account</u>	<u>Fiscal Year</u>	<u>Value of Action</u>	<u>Base</u>	<u>City</u>	<u>State</u>	<u>Comments/Explanation</u>
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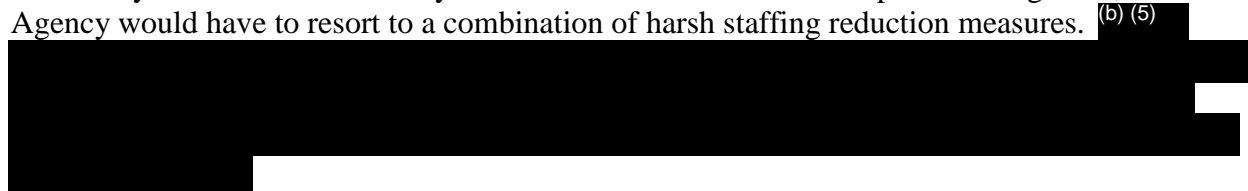
Impact of 20 Percent Budget Cut on DCAA

Background DCAA has been asked to provide the potential impact on DCAA's operations of a 20 percent reduction to the Agency's fiscal year 2014 budget. In a word, the impact would be devastating on our workforce and mission. A 20 percent cut equates to about \$122.4 million in direct funding in fiscal year 2014 plus an associated \$13.2 million reduction in reimbursable earnings. DCAA would be forced to take that cut almost exclusively in personnel costs. A funding cut of this magnitude would result in a loss of over 1,200 workyears from the fiscal year 2014 President's Budget.

Impact on Staffing First, due to the hiring freeze implemented in 2013, at the end of fiscal year 2013 the Agency will already be at a much lower staffing level than approved in the budget for fiscal year 2014. The 2013 hiring freeze results in a loss of almost 600 workyears compared to the President's Budget. (b) (5)



DCAA would not be able to achieve the additional reductions in personnel needed to execute the 20 percent reduction through attrition alone. Based on historical attrition rates, DCAA would only be able to reduce 300 to 350 positions through attrition resulting in only a 175 workyear reduction in fiscal year 2014. To accommodate a 20 percent budget cut, the Agency would have to resort to a combination of harsh staffing reduction measures. (b) (5)



Additional resources have been allocated to DCAA over the last several years as part of the Department's focus on creating a more robust acquisition workforce to support Better Buying Power and to add audit capacity which has been recognized across the Department as critical. Combining a fiscal year 2013 hiring freeze and a 20 percent reduction in fiscal year 2014 will cause the DCAA to reduce in two years the programmed staff growth which we have achieved over the last four years.

Impact on Mission To absorb a staffing cut of more than 1,200 workyears, DCAA would have to reduce audit effort throughout its audit portfolio. A reduction of this level would have a damaging impact on DCAA's ability to perform its mission and a commensurate reduction in savings to the taxpayer and warfighter.

DCAA's audit requirements have always outpaced its resources. The Agency's annual audits requirements exceed 10,000 workyears. At its peak in 1990 DCAA had a total staff of almost 6,900. Between 1999 and 2008 DCAA staff averaged less than 4,000. An independent Army study from July 2010, recommended DCAA needed a workforce of 6,250.

In order to address the imbalance between requirements and resources, the Agency has implemented a risk-based approach to planning and performing audits. This strategy focuses on audit effort with the highest payback to the taxpayer and warfighter. For example, the Department has implemented revised procedures to allow for sampling of low-risk incurred cost

Impact of 20 Percent Budget Cut on DCAA

proposals. In another illustration, the Department raised the thresholds for requesting forward pricing proposal audits. These changes have allowed hundreds of workyears to be redirected to higher risk work.

Over the last 3 years the Agency has worked hard to balance audit requirements with resources and this approach has met with much success. DCAA's net savings in 2012 was \$4.2 billion, the highest in the Agency's history. This figure is a continuation of a three-year trend of increased savings for the taxpayer. Specifically, between 2002 and 2009, DCAA averaged \$2.5 billion in annual net savings. Over the last three years, DCAA's net savings averaged \$3.5 billion, a 40 percent increase.

However, this risk-based approach means the Agency has already divested itself of almost all of its low-risk work. Therefore, a 20 percent reduction to the Agency's budget will severely harm the ability of the Agency to carry out high risk audits. This reduction will also impact the Agency's ability to support the Department's Better Buying Power initiatives of affordable programs and controlling costs.

A 20 percent reduction in the Agency's budget would force large reductions in effort related to key mission areas as described below:

- (b) (5)
[Redacted]
- (b) (5)
[Redacted]
- (b) (5)
[Redacted]
- (b) (5)
[Redacted]
- (b) (5)
[Redacted]

Impact of 20 Percent Budget Cut on DCAA

(b) (5)

(b) (5)

(b) (5)

- Other Audit Effort – The 20 percent cut in the Agency’s budget would result in reduction or elimination of effort in the following audit areas:

- (b) (5)

- (b) (5)

- (b) (5)

- (b) (5)

Impact of 20 Percent Budget Cut on DCAA

Impact on Net Savings – In fiscal year 2012, DCAA saved \$4.2 billion for the Department (\$6.70 for every dollar invested). Importantly, this return on taxpayer investment represents real savings that enable the Department to do more—get more equipment, services, and supplies—with fewer dollars. Given the direct relationship to DCAA’s audit mission and its impact on both cost avoidance and checks written by contractors to return funds to the US treasury, DCAA is one of the top oversight organizations in providing realized versus potential savings to the taxpayer and warfighter.

(b) (5)

