

APPENDIX B: CONTRACT AUDITS

Final Completed Contract or Contract-Related Audits Containing Significant Findings

During the reporting period, the DoD OIG issued 4 completed contract audit or evaluation reports, and the Defense Contract Audit Agency (DCAA) issued 23 final, completed contract audit reports to contracting activities containing significant audit findings.

DoD OIG

Audit Report No. DODIG-2023-064	Date: April 20, 2023
Subject: Audit of Operation Allies Welcome Contract Oversight at DoD Installations—Logistics Civil Augmentation Program V Contract	
Report: \$1.6 Billion Total Questioned Costs	
The DoD OIG issued a report finding that the Army procuring contracting officer did not ensure invoices were reviewed before payment to verify contractor-reported costs. This occurred because the procuring contracting officer solely relied on the Defense Contract Audit Agency prepayment reviews, which did not address whether invoiced amounts were allowable, allocable, or reasonable. As a result, the Army did not have assurance that the \$1.6 billion paid to the contractor was allowable, allocable, and reasonable.	

Audit Report No. DODIG-2023-066	Date: April 27, 2023
Subject: Audit of the Oversight of Operation Allies Welcome Global Contingency Services Contract at Marine Corps Base Quantico	
Report: \$30.1 Million Total Questioned Costs	
The DoD OIG issued a report stating that Navy contracting personnel did not fully execute contract administration responsibilities at Marine Corps Base Quantico. Navy contracting personnel did not ensure the contractor provided sufficient supporting documentation for incurred costs supporting the relocation of Afghan evacuees, which prevented the administrative contracting officer from adequately reviewing contractor invoices. As a result, the Navy did not verify whether \$30.1 million in payments made to the contractor, excluding the award fee, were allowable, allocable, and reasonable.	

Audit Report No. DODIG-2023-067	Date: May 9, 2023
Subject: Audit of the Oversight of ENCORE III Information Technology Service Task Orders	
Report: \$20.1 Million in Funds Put to Better Use ¹ ; \$160,013 Total Questioned Costs; and \$7,322 Disallowed Costs	
The DoD OIG issued a report identifying \$20.1 million of funds put to better use because Defense Information Systems Agency officials acknowledged that task order HC1028-19-F-6101 was “not contractually viable” and allowed the task order to expire. The performance work statement for this task order required the contractor to provide cybersecurity services valued at \$65.9 million, but the statement did not clearly describe all the services to be performed. DoD Component contracting officer’s representatives did not review contractor interim vouchers to prevent improper payments, and the DoD OIG’s review identified \$167,335 in questioned travel costs. During the audit, a Washington Headquarters Services’ contracting officer disallowed \$7,322 in travel costs from the contractor for task order HQ0034-19-F-0486, which left a balance of \$160,013 in total questioned costs.	

¹ This does not include Funds Put to Better Use that were identified and redacted for security reasons.

Audit Report No. DODIG-2023-069	Date: May 9, 2023
Subject: Evaluation of DoD Contracting Officer Actions on DoD Contracts Terminated for Convenience	
Report: Potential \$22.3 Million Total Questioned Costs	
The DoD OIG issued a report identifying that DoD contracting officers did not document adequate rationale for settling termination costs in accordance with Federal Acquisition Regulations and DoD policy for 17 (27 percent) of the 63 contract terminations reviewed. As a result, DoD contracting officers may have inappropriately reimbursed DoD contractors up to \$22.3 million in unallowable termination costs.	

DCAA

Audit Report No. 04671-2022A17100003	Date: April 11, 2023
Subject: Independent Audit Report on Proposed Amounts in Contractor's Termination Settlement Proposal	
Prepared for: U.S. Army Corps of Engineers (USACE)	
Report: \$116 Million Total Questioned Costs	
The DCAA identified \$116 million in total questioned costs related to direct labor, related party transactions, performance costs, suspension of work and post-termination costs, settlement expenses, and associated profit. The DCAA's significant findings included \$23 million in related party materials and services in noncompliance with Federal Acquisition Regulation (FAR) 31.205-26(e), "Material Costs," because the materials and services were transferred at price rather than cost. Other significant findings included \$70 million of proposed profit directly associated with other unallowable costs, in noncompliance with FAR 31.201-6(a), "Accounting for Unallowable Costs."	

Audit Report No. 03531-2021A10100004	Date: April 25, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$11.4 Million Total Questioned Costs	
The DCAA identified \$11.4 million in questioned costs related to computer services, software maintenance repair, and severance costs. The DCAA's significant findings included \$8.7 million in costs related to computer services and \$2.5 million in costs related to computer software maintenance repair. The contractor failed to provide documentation to demonstrate that the costs were reasonable, in noncompliance with FAR 31.201-3, "Determining Reasonableness." A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business.	

Audit Report No. 01361-2021M10100023	Date: May 1, 2023
Subject: Independent Audit Report on Proposed Corporate Allocations to Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$10.9 Million Total Questioned Costs	
The DCAA identified \$10.9 million in questioned retirement benefit costs in noncompliance with FAR 31.201-6(a), "Accounting for Unallowable Costs." The DCAA's significant findings included \$10.8 million in retirement benefit costs which the contractor calculated based on the total compensation history of the employee without regard to statutory compensation limits set forth in FAR 31.205-6(p), "Compensation for Personal Services." The audit team recalculated the costs to account for the statutory compensation limits.	

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Audit Report No. 07911-2021L10100001	Date: May 25, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$17.9 Million Total Questioned Costs	
The DCAA identified \$17.9 million in questioned costs related to subcontracts, leasehold improvements, and miscellaneous costs. The DCAA's significant findings included \$15.6 million in subcontract fee costs in noncompliance with FAR 31.201-2, "Determining Allowability." The contract terms state the contractor may not make a claim to the Government for reimbursement of the subcontract fee. Other significant findings included \$2.3 million in leasehold improvement costs in noncompliance with FAR 31.201-3, "Determining Reasonableness." The contractor improperly expensed the costs rather than capitalizing them in accordance with its established practices.	

Audit Report No. 01191-2023G17200001	Date: May 31, 2023
Subject: Independent Audit Report on Proposed Amounts in Contractor's Certified Claim	
Prepared for: U.S Army Corps of Engineers (USACE)	
Report: \$17.3 Million Total Questioned Costs	
The DCAA identified \$17.3 million in questioned award fees and costs related to delays and disruptions, which the contractor asserted were caused by the Government. The DCAA's significant findings included \$11.7 million in award fees in noncompliance with FAR 31.201-2(d), "Determining Allowability." The contractor did not adequately support that the award fee would have been awarded based on performance regardless of any action or inaction on the part of the Government. Other significant findings included \$5.6 million in costs related to asserted delays and disruptions because the contractor failed to accurately account for the costs it believes the Government is liable for, in noncompliance with FAR 31.201-4, "Determining Allocability," and Defense Federal Acquisition Regulation Supplement (DFARS) 252.243-7001, "Pricing of Contract Modifications."	

Audit Report No. 04181-2022S17100003	Date: June 2, 2023
Subject: Independent Audit Report on Proposed Amounts in Contractor's Termination Settlement Proposal	
Prepared for: USACE	
Report: \$11.1 Million Total Questioned Costs	
The DCAA identified \$11.1 million in total questioned costs related to profit, settlement expenses, and other direct and indirect costs. The DCAA's significant findings included \$7.5 million of profit associated with reclassified settlement expenses in noncompliance with FAR 49.202, "Profit," which states that the Termination Contracting Officer will not allow profit on settlement expenses.	

Audit Report No. 03621-2023J17900002	Date: June 2, 2023
Subject: Independent Audit Report on Delivery Orders Eligibility to Receive Fee Based on Contract Requirements	
Prepared for: Army Contracting Command–Rock Island	
Report: \$37.6 Million Total Questioned Costs	
The DCAA identified \$37.6 million in questioned costs due to fees billed on costs ineligible to receive fees per the contract terms. A clause in the contract specifically states transactions related to materials, purchased items, rentals or leases of equipment, or cost overruns were not eligible to receive fees. The DCAA found the contractor had inappropriately included fees on \$376.2 million of billed costs in the amount of \$13.8 million for delivery order DO 0422 and \$362.3 million for delivery order DO 0454, resulting in an overbilling of fees in the amount of \$1.1 million and \$36.4 million, respectively.	

Audit Report No. 09851-2021B10100088	Date: June 8, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$20.0 Million Total Questioned Costs	
<p>The DCAA identified \$20 million in questioned subcontract costs. The DCAA's significant findings included \$18.1 million of subcontract costs in noncompliance with FAR 31.201-2(a)(4) and FAR 31.201-2(d), "Determining Allowability." The subcontract agreements required minimum labor qualifications; however, the contractor was unable to provide resumes to demonstrate that the minimal labor requirements were met. Other significant findings included \$1.9 million of subcontract costs in noncompliance with FAR 31.201-3, "Determining Reasonableness." The contractor asserted it awarded the subcontract in question based on a competitive bid; however, the contractor only obtained and provided one quote and was unable to provide other documentation supporting the reasonableness of the subcontract costs.</p>	

Audit Report No. 01101-2021F10100003	Date: June 9, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$127.9 Million Total Questioned Costs	
<p>The DCAA identified \$127.9 million in questioned costs related to direct labor, direct materials, other direct costs, and associated indirect costs. The DCAA's significant findings included \$55.4 million in direct labor costs and \$13.7 million in other direct costs (ODC) in noncompliance with FAR 31.201-2(d), "Determining Allowability," because the contractor was unable to provide detailed cost schedules to support its claimed cost. Other significant findings included \$10.4 million in ODC for which the contractor failed to provide essential supporting documentation, in noncompliance with FAR 31.201-3(a), "Determining Reasonableness," and \$33.4 million in indirect costs that were directly associated with unallowable direct costs, in noncompliance with FAR 31.201-6, "Accounting for Unallowable Costs."</p>	

Audit Report No. 04591-2022L17100001	Date: June 15, 2023
Subject: Independent Audit Report on Proposed Amounts in Contractor's Termination Settlement Proposal	
Prepared for: USACE	
Report: \$247.1 Million Total Questioned Costs	
<p>The DCAA identified \$247.1 million in questioned direct costs, indirect costs, and profit. The DCAA's significant findings included \$71 million of profit in noncompliance with FAR 52.242-14, "Suspension of Work"; FAR 49.202, "Profit"; and FAR 31.201-2(d), "Determining Allowability." The contractor overstated the costs used in its profit calculations, applied profit to unallowable costs, and proposed profit on costs incurred after the contract termination. Other significant findings included \$66.7 million of direct materials due to the contractor's application of related party profit on inter-organizational transfers, in noncompliance with FAR 31.205-26(e), "Material Costs," and FAR 31.201-2(d), "Determining Allowability." Other findings included \$36.8 million of owned equipment costs in noncompliance with contract terms and FAR 31.105(d)(2)(i)(B), "Construction and Architect-Engineer Contracts." The contractor overstated its owned-equipment costs by using internal rental rates instead of actual cost data.</p>	

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Audit Report No. 07421-2021M1010001	Date: June 16, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$74.3 Million Total Questioned Costs	
The DCAA identified \$74.3 million in questioned costs related to direct materials, subcontract costs, and inter-organizational costs. The DCAA's significant findings included \$66.8 million in direct materials and subcontract costs. The contractor: (1) failed to establish price reasonableness for portions of the costs, in noncompliance with FAR 31.201-2, Determining "Allowability," and FAR 31.201-3, "Determining Reasonableness"; (2) failed to demonstrate that portions of the claimed cost were used in support of the contract, in noncompliance with FAR 31.201-4, "Determining Allocability"; or (3) transferred portions of the costs at price instead of cost, in noncompliance with FAR 31.205-26, "Material Costs."	

Audit Report No. 03961-2021D1010001	Date: June 19, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$26.1 Million Total Questioned Costs	
The DCAA identified \$26.1 million in questioned costs related to direct labor, direct materials, ODC, and indirect costs. The DCAA's significant findings included \$14.7 million in indirect costs related to the contractor's nonconformance with contract terms, \$4.9 million in double-counted ODC, and \$1.9 million in overstated direct materials due to contractor input errors, in noncompliance with FAR 31.201-2, "Determining Allowability."	

Audit Report No. 05921-2021S1010003	Date: June 21, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: Naval Sea Systems Command	
Report: \$16.3 Million Total Questioned Costs	
The DCAA identified \$16.3 million in questioned costs related to a pension withdrawal liability that the contractor incurred when it ceased participation in a multi-employer pension fund. The costs related to the liability did not meet the definition of allowable pension cost at FAR 31.205-6(j), "Compensation for Personal Services," which states "Allowable pension cost is limited to the net contribution required to be made for a cost accounting period after taking into account dividends and other credits, where applicable."	

Audit Report No. 02871-2021A1010003	Date: June 22, 2023
Subject: Independent Audit Report on Proposed Corporate Allocations to Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$33.1 Million Total Questioned Costs	
The DCAA identified \$33.1 million in questioned costs related to state tax, pension, and legal costs. The DCAA's significant findings included \$21.9 million of state taxes in connection with reorganizations that the contractor failed to exclude from its claimed costs, in noncompliance with FAR 31.205-41, "Taxes." Other significant findings included \$11.1 million of pension costs in noncompliance with FAR 31.201-6, "Accounting for Unallowable Costs." The pension costs were directly associated with unallowable compensation costs in excess of the limitations set forth in FAR 31.205-6, "Compensation for Personal Services."	

Audit Report No. 05211-2021A10100001	Date: June 22, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$51.3 Million Total Questioned Costs	
The DCAA identified \$51.3 million in questioned freight costs in noncompliance with FAR 31.201-2(a)(4), "Determining Allowability," and FAR 52.247-63, "Preference for U.S. Flag Carriers." The contractor was unable to provide the required justification for its use of foreign flag carriers for air transportation.	

Audit Report No. 05511-2021L10100002	Date: June 23, 2023
Subject: Independent Audit Report on Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$18.3 Million Total Questioned Costs	
The DCAA identified \$18.3 million in questioned costs related to acquisition costs, overtime premium costs, electricity surcharges, and other miscellaneous costs. The DCAA's significant findings included \$13.1 million in acquisition costs related to planning or executing the organization or reorganization of the contractor's corporate structure, in noncompliance with FAR 31.205-27(a)(1), "Organization Costs." Other significant findings included \$3.1 million in overtime premium costs in noncompliance with contract limitations and FAR 52.222-2, "Payment of Overtime Premiums."	

Audit Report No. 03451-2021D10100002	Date: June 30, 2023
Subject: Independent Audit Report on Contractor's Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: U.S. Navy Supervisor of Shipbuilding (SUPSHIP)	
Report: \$52 Million Total Questioned Costs	
The DCAA identified \$52 million in questioned direct material costs, directly associated indirect costs, and unallowable executive compensation. The DCAA's significant findings included \$44.7 million in direct materials that were not reasonable or allocable to government contracts due to an identified failure to issue and consume items without a need to fulfill the production plan. Other significant findings included \$7 million in carrying costs of excess inventory that the contractor failed to dispose of and credit the Government contracts. Both areas of the DCAA's significant findings were noncompliant with FAR 31.201-3(a), "Determining Reasonableness"; FAR 31.201-4, "Determining Allocability"; and DFARS 252.242-7004, "Material Management and Accounting System."	

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Audit Report Nos. 01451-2020D10100003 01451-2021D10100003	Date: July 11, 2023
Subject: Independent Audit Report on Proposed Corporate Allocations to Flexibly Priced Contracts for Contractor Fiscal Years 2020 and 2021	
Prepared for: DCMA	
Report: \$208.7 Million Total Questioned Costs (\$46.2 Million for FY 2020 And \$162.5 Million for FY 2021)	
The DCAA identified \$208.7 million in questioned costs related to severance pay, partner retirement costs, compensation and related fringe benefits, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The DCAA's significant findings included \$113 million in severance pay in noncompliance with FAR 31.205-6(j)(6), "Compensation for Personal Services," and FAR 31.205-6(g), "Severance Pay." Other significant findings included \$10.6 million of costs related to the CARES Act in noncompliance with FAR 31.201-2, "Determining Allowability"; FAR 31.201-3, "Determining Reasonableness"; FAR 31.201-4, "Determining Allocability"; DFARS 231.205-79, "CARES Act Section 3610 – Implementation"; and FAR 31.205-13, "Employee Morale, Health, Welfare, Food Service and Dormitory Costs and Credits," because the contractor did not meet CARES Act requirements and the costs were not specifically based on any contract terms. Additional significant findings included \$33.5 million in partner-defined benefit pensions which were either directly associated with other unallowable costs, in noncompliance with FAR 31.205-6, "Compensation for Personal Services," or unreasonable, in noncompliance with FAR 31.201-3, "Determining Reasonableness."	

Audit Report No. 04281-2023S17200001	Date: July 14, 2023
Subject: Independent Audit Report on Claimed Amounts in Contractor's Equitable Adjustment Claims	
Prepared for: USACE	
Report: \$25.5 Million Total Questioned Costs	
The DCAA identified \$25.5 million in questioned costs related to direct labor, associated fringe and overhead costs, other direct costs (ODC), subcontract costs, general and administrative (G&A) costs, fee/profit, and bond costs. The DCAA's significant findings included \$8.4 million in direct labor costs because the contractor did not appropriately allocate the costs of maintaining general conditions on-site to the claim, in noncompliance with FAR 31.201-2, "Determining Allowability," and FAR 31.201-3, "Determining Reasonableness." Other significant findings included \$6.1 million in ODC because the contractor did not appropriately allocate the costs of maintaining general conditions to the benefiting claims and claimed duplicate costs in noncompliance with FAR 31.201-2, "Determining Allowability"; FAR 31.201-3, "Determining Reasonableness"; and FAR 31.201-4, "Determining Allocability."	

Audit Report No. 07281-2021M4200005	Date: July 18, 2023
Subject: Independent Audit Report on Contract Compliance with the Truth in Negotiations Act	
Prepared for: Air Force Life Cycle Management Center (AFLCMC)	
Report: \$22.1 Million Recommended Price Adjustment	
The DCAA identified a \$22.1 million recommended price adjustment due to the contractor's material noncompliance with the requirements of 10 U.S.C. Chapter 271, "Cost or Pricing Data: Truth in Negotiations." The DCAA found that the contractor failed to submit current direct labor hour data, subcontract costs, and Inter-organizational Work Authority (IWA) direct material costs that were reasonably available prior to price agreement between itself and the Government. As a result, the DCAA recommended target cost adjustments of \$5.3 million in direct labor, \$637,000 in subcontract costs, \$2.5 million in IWA direct material costs, \$10.9 million in associated indirect costs, and \$2.6 million in profit.	

Audit Report Nos. 01451-2020D10100004 01451-2021D10100004	Date: July 26, 2023
Subject: Independent Audit Report on Contractor's Proposed Amounts on Unsettled Flexibly Priced Contracts for Contractor Fiscal Years 2020 and 2021	
Prepared for: DCMA	
Report: \$40.4 Million Total Questioned Costs (\$14.1 Million for FY 2020 and \$26.3 Million for FY 2021)	
<p>The DCAA identified \$40.4 million in questioned costs related to direct labor, fringe and overhead costs, and pension costs. The DCAA's significant findings included \$15.5 million in direct labor costs where the contractor did not adhere to contractual labor rates, labor qualification requirements, periods of performance, or where the contractor was unable to provide essential supporting documentation, in noncompliance with FAR 31.201-2(d), "Determining Allowability." Other significant findings included \$6.1 million in direct staff labor where the contractor did not adhere to contractual labor rates, labor qualification requirements, periods of performance, or where the contractor was unable to provide essential supporting documentation, in noncompliance with FAR 31.201-2(a)(4), "Determining Allowability."</p>	

Audit Report No. 3521-2022N17100002	Date: August 11, 2023
Subject: Independent Audit Report on Proposed Fixed Total Cost Basis Termination Settlement Proposal	
Prepared for: USACE	
Report: \$12.1 Million Total Questioned Costs	
<p>The DCAA identified \$12.1 million in questioned costs related to direct labor, other direct costs (ODC), General and Administrative (G&A) expenses, and profit. The DCAA's significant findings included \$3 million in questioned direct labor costs, including bonus and directly associated costs; \$1.6 million in questioned ODC; and \$2.4 million in questioned G&A expenses, for which the contractor failed to provide essential supporting documentation, in compliance with Federal Acquisition Regulation (FAR) 31.201-2, "Determining Allowability"; FAR 31.201-4, "Determining Allocability"; FAR 31.201-3, "Determining Reasonableness"; and FAR 31.205-6(f), "Compensation for Personal Services." Other significant findings included \$5 million in questioned profit, based on FAR 31.201-6(a), "Accounting for Unallowable Cost," due to the questioned performance costs that included the proportional share of profit.</p>	

Audit Report No. 02851-2021A10100003	Date: August 31, 2023
Subject: Independent Audit Report on Proposed Corporate Allocations to Unsettled Flexibly Priced Contracts for Contractor Fiscal Year 2021	
Prepared for: DCMA	
Report: \$27.5 Million Total Questioned Costs	
<p>The DCAA identified \$27.5 million in questioned costs related to group expenses, corporate adjustments, factory overhead, general and administrative (G&A) costs, cost of money, engineering overhead, and total direct costs affecting contracts. The DCAA's significant findings included \$6.7 million in questioned costs related to Manufacturing Operations G&A, noncompliant with FAR 31.201-4, "Determining Allocability," as the costs were incurred to administer commercial contracts. Other significant findings included \$2.1 million in direct costs in noncompliance with FAR 31.201-3, "Determining Reasonableness," related to parts used to repair different contract line items than were charged. Additional significant findings included \$1.9 million in questioned costs in noncompliance with FAR 31.205-10(b)(1), "Cost of Money," and 48 Code of Federal Regulation (CFR) 9904.414-40(b), "Cost Accounting Standard - Cost of Money as an Element of the Cost of Facilities Capital," due to the use of an incorrect treasury rate calculating cost of money.</p>	

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Final Completed Contract or Contract-Related Audits Containing Significant Findings

During the reporting period, the DoD OIG issued four and the Defense Contract Audit Agency (DCAA) issued four final, completed contract audit reports to contracting activities containing significant audit findings.

DoD OIG

Audit Report No. DODIG-2024-042	Date: January 9, 2024
Subject: Audit of Army Oversight of the DoD Language Interpretation and Translation Enterprise II Contract	
The DoD OIG issued a report identifying that oversight officials for the Army Contracting Command–Detroit Arsenal and Contract Linguist and Intelligence Program Support Office provided effective oversight of the DLITE II contractor fill rates for linguists from March 2021 through February 2022 for three contractors. However, oversight officials did not document contractor performance in monthly reports in accordance with designation letter and quality assurance surveillance plan requirements, and officials did not complete annual contractor performance evaluations in a timely manner. In addition, oversight officials did not properly address, in a timely manner, and fully document alleged security incidents for three linguists on one contract. This occurred because of a lack of guidance and a preference among the oversight officials for oral feedback instead of documenting contractor performance, and oversight officials did not establish a process to ensure consistent reporting, reviewing, and documenting the resolution of alleged security incidents involving contracted linguists in a timely manner. As a result of incomplete or partially completed monthly reports, there is an increased risk that the contracting officer's representative and contracting officer may be unaware of potential issues regarding the task orders at the military end user level. Due to late annual contractor evaluations, there is a lack of past performance data that could impact the process for determining future awards. There is also risk of endangering U.S. military, Coalition, and civilian personnel, in addition to an increased risk that a linguist could leak classified information.	

Audit Report No. DODIG-2024-045	Date: January 12, 2024
Subject: Audit of DoD Use of the Government Purchase Card in Response to the Coronavirus Disease–2019 Pandemic	
Report: \$86.7 Million in Questioned Costs	
The DoD OIG issued a report stating that DoD cardholders made COVID-19 contingency operation purchases that did not always support the DoD's response to the COVID-19 pandemic and did not maintain appropriate supporting documentation for purchases in accordance with Federal and DoD policies. These problems occurred because Government Purchase Card program officials did not conduct required oversight to identify and correct improper or unsupported purchases. As a result, the DoD OIG statistically projected with a 95 percent confidence level that \$86.7 million (36 percent) of \$242.6 million in questionable purchases: (1) did not support the DoD's response to COVID-19, (2) had missing purchase card documentation, or (3) met both conditions.	

Audit Report No. DODIG-2024-055	Date: February 13, 2024
Subject: Audit of the DoD's Oversight of Cost-Plus-Award-Fee Contracts	
Report: \$1 Million in Questioned Costs	
<p>The DoD OIG issued a report finding that Army and Air Force contracting officials did not properly justify award fees paid for three contracts, which resulted in potential monetary benefits of at least \$872,309. Contracting officials also did not properly administer and manage 21 (78 percent) of 27 cost-plus-award-fee (CPAF) contracts reviewed, and the DoD did not accurately account for the universe of cost-plus-award-fee contracts and award fees paid to contractors. This occurred because: (1) the Army and Air Force did not have adequate controls to ensure that contracting officials complied with criteria related to the calculation and justification of award fees; (2) the Military Departments and Defense agencies did not have adequate controls to ensure that contracting officials complied with criteria related to the administration and management of CPAF contracts; and (3) Defense Pricing and Contracting did not establish and implement a DoD-wide solution to capture CPAF contract data. As a result, the officials made overpayments of at least \$872,309 on two contracts; an improper payment of \$1,978,267 on the third contract; and inappropriately obligated \$2.2 million.</p>	

Audit Report No. DODIG-2024-059	Date: February 22, 2024
Subject: Audit of DoD Afghanistan Contingency Contracts Closeout	
Report: \$3.7 Million in Funds Put to Better Use	
<p>The DoD OIG found that DoD contracting officials did not consistently close out the contingency contracts as required for the 30 contracts reviewed. Additionally, the DoD OIG determined that contingency contract data reported in the Federal Procurement Data System was unreliable and inaccurate. As a result, DoD contracting personnel did not always verify whether the DoD received what it contracted for or complete administrative requirements in a timely manner. The DoD also missed the opportunity to reprogram at least \$3.7 million in canceled funds to support other requirements.</p>	

DCAA

Audit Report No. 04181-2023D17200001	Date: November 16, 2023
Subject: Independent Audit Report on Proposed Amounts in Contractor's Claim for Equitable Adjustment	
Prepared for: U.S. Army Corps of Engineers	
Report: \$182.4 Million in Total Questioned Costs	
<p>The DCAA identified \$182.4 million in questioned costs related to extended overhead, additional staffing, productivity costs, COVID direct charges, escalation costs, differing site conditions, electrical costs, and labor wage premium costs. The DCAA's significant findings included \$80 million in questioned costs related to escalation costs not authorized in the contract for which the contractor was unable to show a causal beneficial relationship, in noncompliance with Federal Acquisition Regulation (FAR) 31.201-2(a), "Determining Allowability." Other significant findings included \$33.5 million of forecasted costs included in the proposal that are not a sum certain (estimates of future costs that had not yet happened with no damages incurred), in noncompliance with FAR 52.233-1(c), "Disputes."</p>	

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Audit Report No. 03621-2022N17100003	Date: November 17, 2023
Subject: Independent Audit Report on Proposed Amounts in Contractor's Termination Settlement Proposal	
Prepared for: U.S. Army Corps of Engineers	
Report: \$10.5 Million in Total Questioned Costs	
The DCAA identified \$10.5 million in questioned costs related to direct labor, other direct costs, general and administrative expenses, and profit. The DCAA's significant findings included \$4.7 million in questioned direct labor costs, including bonus costs and directly associated costs, and \$1 million in questioned general and administrative expenses, for which the contractor failed to provide essential supporting documentation, in noncompliance with FAR 31.201-2, "Determining Allowability"; FAR 31.201-4, "Determining Allocability"; FAR 31.201-3, "Determining Reasonableness"; and FAR 31.205-6(f), "Compensation for Personal Services." Other significant findings included \$3.6 million in questioned profit directly associated with questioned performance costs, in noncompliance with FAR 31.201-6(a), "Accounting for Unallowable Costs."	

Audit Report No. 01451-2023D17900001	Date: February 1, 2024
Subject: Independent Audit Report on Proposed Direct Amounts on Unsettled Flexibly Priced Contract for Contractor Fiscal Years 2019 and 2020	
Prepared for: U.S. Department of State	
Report: \$10.5 Million in Total Questioned Costs	
The DCAA identified \$10.5 million in questioned costs related to Defense Base Act insurance premiums, direct costs over contract ceiling, travel entry and exit visas, and direct costs that were not allowable or reasonable. The DCAA's significant findings included \$7.8 million in questioned costs related to the difference between the Defense Base Act insurance premiums billed to contracts compared to the actual premiums charged after the insurance carrier audit, in noncompliance with FAR 31.201-2(d), "Determining Allowability." Other significant findings included \$1.1 million in questioned labor costs which exceeded contract ceiling amounts, in noncompliance with FAR 52.232-20(a), "Limitation of Cost."	

Audit Report No. 04581-2023G17100001-S1	Date: February 22, 2024
Subject: Supplement to Independent Audit Report on Proposed Amounts in Contractor's Termination Settlement Proposal	
Prepared for: U.S. Army Corps of Engineers	
Report: \$13.8 Million in Total Questioned Costs	
The DCAA identified \$13.8 million in questioned costs related to direct labor, indirect factory overhead, other costs, general and administrative expenses, and associated profit. The DCAA's significant findings included \$10.1 million of questioned costs related to proposed anticipatory profit which is not allowed in a fixed price terminated contract in accordance with FAR 49.202(a), "Profit." Other significant findings included \$2.4 million in questioned costs related to proposed unabsorbed overhead (indirect costs which would have been absorbed by the terminated contract) that the contractor inaccurately computed, in noncompliance with FAR 31.201-2, "Determining Allowability."	