

Defense Contract Audit Agency Strategic Plan—2016-2020



*Serving the Warfighter
Protecting the Taxpayer*

Director's Message



I am pleased to introduce the Defense Contract Audit Agency's Strategic Plan for 2016-2020. Over the past nine months, senior leaders have assessed the Agency's competencies and mission requirements with an eye toward creating the ideal audit environment for the 21st Century. Those assessments, combined with the accomplishments and recommendations from past employee strategic action teams, have steered us toward the new strategic plan and additional Agency improvements through 2020.

As a key member of the government acquisition team, we deliver contract audits and advisory services to ensure that warfighters get goods and services at fair and reasonable prices. We depend on an outstanding workforce of auditors and support professionals to deliver the products and services our customers rely on, and one of my top priorities is to make sure our employees have the right support, training, and tools to be successful. But DCAA doesn't operate in a vacuum, and we rely on professional, cooperative relationships with our acquisition partners, customers, and industry to execute our mission and achieve the broader aims of the Department. I believe that the goals and objectives laid out in this strategic plan will enable DCAA to continue on our path of excellence and provide even more value to all our stakeholders.

Executing the plan will take the efforts of the entire workforce, and our employees will be active participants in the strategic initiatives that begin on page A-1. This list of initiatives is not static—just as the Department of Defense is constantly adjusting to meet new threats and realize opportunities, we too will refine and add new initiatives to address emergent issues over the next five years. We will publish annual updates that capture our accomplishments and reflect any changes.

DCAA is honored to serve the acquisition community, protect the taxpayers, and support our service members in uniform. I look forward to a productive future.

A handwritten signature in black ink that reads "Anita Bales". The signature is fluid and cursive, with a long horizontal line extending from the end.

Anita Bales
Director

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Vision *Every audit or service we deliver is on time, on point, and highly valued.*

Our vision is to provide products and services that are indispensable to the acquisition process. We aspire to always deliver services and products when we promise them and in time to meet acquisition requirements. We strive to deliver the right service, at the right time, to provide the most value throughout the contracting cycle.

Mission *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.*

Our mission statement clarifies our commitment to getting the most value for every dollar spent on defense contracts. We operate as a member of the acquisition community that works together to equip and serve our service members in uniform. As stewards who look out for taxpayers' interests, we conduct high quality contract audit services to ensure that the government is paying fair prices for what it buys.

Values

Teamwork: We are most effective when we work together, exchange ideas, share knowledge, and listen to each other.

Excellence: We get outstanding results when we take pride in our work, go beyond the norm, and continually improve.

Accountability: We have the courage to take ownership of results, learn from our mistakes, and communicate openly.

Mutual Respect: We respect differences, encourage inclusion, manage conflict well, and create win/win outcomes.

Integrity: We act ethically, exhibit professional courtesy, promote fairness, respect confidentiality, and lead by example.

Trust: We keep commitments, demonstrate transparency, honor contributions, and view mistakes as opportunities.

DCAA Background

The Defense Contract Audit Agency (DCAA) operates under the authority, direction, and control of the Under Secretary of Defense (Comptroller)/Chief Financial Officer. It consists of about 4,800 employees at over 300 locations in the United States, Europe, the Middle East, Asia and the Pacific. We begin this new strategic plan with a transition to a new organizational structure. Instead of five geographic regions and a field detachment for classified work, we are moving to a structure with three geographic regions, a field detachment for classified work, and four corporate directorates.

The Agency's primary function is to conduct contract audits and related financial services for the Department of Defense and other federal entities responsible for acquisition and contract administration. Specifically, DCAA helps determine whether costs are allowable, allocable, and reasonable. DCAA provides recommendations to government officials on contractor cost assertions for specific products and services. With these recommendations, contracting officers are better able to negotiate prices and settle contracts for major weapons systems, services, and supplies.

In a typical year, DCAA audits around 3,000 contractors, examines \$175 billion in contract costs, and issues over 5,000 audit reports. To ensure the best use of audit personnel and resources, DCAA takes a risk-based approach that focuses on the highest payback areas to DoD, the warfighter, and taxpayers.

2011-2015 Accomplishments

Listed below are some of our important accomplishments over the last five years.

Mission

Key mission accomplishments from 2011-2015

- \$19.7 billion dollars in savings to the Government
- \$6.30 to \$1 – average annual return on investment
- 30 percent improvement in meeting agreed-to dates since 2012
- Notable reductions in elapsed days to complete audits:
 - forward pricing, 29 percent
 - special audits, 14 percent
 - incurred cost, 8 percent
- Nearly doubled dollars examined in 2015 (\$257.5 billion) compared to 2011 (\$128.6 billion)

Incurring cost progress

Since establishing dedicated incurred cost teams in 2012, we examined over \$450 billion and closed roughly 33,500 incurred cost years. In the four years between 2012 and 2015, we increased incurred cost dollars examined, on average, by 80 percent each year.

Successful Peer Review

After operating without an adequate opinion on our system of quality since 2009, DCAA officially passed its peer review in 2015.



Culture

Federal Employee Viewpoint Survey (FEVS) results

In the last five years, DCAA's increased FEVS ratings steadily raised its position in the annual list of the federal government's "Best Places to Work." In 2010, DCAA ranked in the bottom 10 percent of all agencies; by 2014, DCAA had moved into the top 25 percent. With a response rate of 75 percent—over twice DoD's response rate and 50 percent higher than government as a whole—we attribute the positive results to responding to employee feedback and making changes to better support our workforce and their ability to execute the mission.

"One Agency" impact—new structure, better processes, more collaboration

To create a more unified and efficient agency, we restructured audit management for two large contractors, Raytheon and Northrop Grumman. Instead of geographically disbursed support across multiple regions, each contractor's audit offices were realigned into a single management jurisdiction, creating one point of DCAA contact for the contractor and the customer. This change has improved information sharing, eliminated duplication of effort, and enabled more collaboration. We will extend this model throughout the agency by 2017.

Workforce

Defense Contract Audit Institute

We restructured the Defense Contract Audit Institute (DCAI) into two academies—Leadership and Audit. This dual focus enables us to equip the workforce with both the technical skills necessary to conduct quality audits and the leadership skills critical for effective teamwork, productive customer relationships, and future leadership positions in the Agency.

Policy Audit Guidebooks and VIPER

To make it easier for auditors to understand audit guidance, Policy staff created audit guidebooks with in-depth policy explanations, examples, helpful hints, and links to references. The guidebooks are accessible through the Virtual Information & Publication Enterprise Resource (VIPER), a user-friendly, web-based application that provides a single, authoritative source for agency guidance. Designed and developed by our business integration team, VIPER guidebooks are fully searchable, updated in real time, and accessible from anywhere.

Work/Life Programs

DCAA's satisfaction scores for work/life programs are roughly 10 percent higher than both DoD and government as a whole. Based on FEVS ratings, DCAA employees are extremely satisfied with telework, alternative work schedules, and supervisor support for work/life balance. DCAA continues to increase productivity across the board, demonstrating strong work/life program execution and significant value for employees, DoD, and the federal government.

Moving forward

These accomplishments illustrate some of the significant improvements we have made in our Agency, and the 2016-2020 Strategic Plan will guide our continued efforts to achieve our vision.

Strategic Goals

The DCAA Strategic Plan has five overarching goals that focus on our people, products, and customers, the critical components to achieving excellence and accomplishing our mission.

- Goal 1** | Embody a culture of One Agency, one team, one direction

- Goal 2** | Support the acquisition community by providing quality audits and advisory services

- Goal 3** | Foster a diverse workforce of highly motivated and valued professionals

- Goal 4** | Enhance working relationships with DCAA external stakeholders

- Goal 5** | Provide the workforce with the right information, business processes, and capabilities to successfully accomplish the mission

The following pages describe our Goals and objectives, providing an overview of how our strategic plan will drive greater success in achieving our mission. Appendix A, beginning on page A-1, contains the initiatives that will help us achieve our objectives. Appendix B, page B-1, will contain a list of completed initiatives. As a living document, Appendices A and B will be updated annually to track success, close completed initiatives, and add new initiatives that respond to changes in the acquisition environment.

Each objective has an Executive Champion responsible for facilitating Strategic Action Teams toward productive results of their particular objective. Workforce involvement is essential for the success of this plan, and employees will be active participants on these action teams.

Goal I: Embody a culture of One Agency, one team, one direction

The needs of national defense acquisition are dynamic, and DCAA auditors must be mobile, agile, and unified to respond to those needs as they arise. Embodying a “One Agency” culture enables us to effectively marshal our resources to serve our customers and operate across organizational and geographical boundaries. Achieving this goal requires a cultural shift from regional or field audit office-specific identities and behaviors to a whole-agency perspective, a “one team” approach in both attitude and actions. Building on our earlier work to develop the One Agency concept, we must ensure that this perspective is reflected in our communication, behaviors, and organizational structure. The principles that will cultivate this transformation are inherent in our core values of Teamwork, Excellence, Accountability, Mutual Respect, Integrity, and Trust.

Objective Ia: *Ensure the entire organization clearly understands the principles of “One Agency, one team, one direction” and exhibits behaviors consistent with those principles*

To foster a culture of One Agency that reflects our core values, employees must know what One Agency means, understand agency expectations for a One Agency culture, and exhibit behaviors that support a unified agency environment. Explanations and expectations must be clear, direct, compelling, and reinforced through multiple communication channels. At all levels, employees should encourage, recognize, and support One Agency principles by collaborating and cooperating within and across area, divisional, and regional boundaries.

Objective Ib: *Optimize the organization’s structure to ensure consistency, reduce redundancy, increase efficiency, and improve customer service*

DCAA must optimize its organizational structure to reflect a One Agency culture and respond to the evolving needs of the acquisition community. We will assess our requirements and current structure for ways to make the best use of our resources, reduce costs, and provide the most value throughout the acquisition process.

Goal 2: Support the acquisition community by providing quality audits and advisory services

Contract audits and professional audit advisory services are indispensable for determining fair and reasonable prices for the products and services warfighters need. To fulfill our mission and our responsibility to the taxpayer, we must deliver relevant audit services that our acquisition partners can use in time to affect contract outcomes. We cannot approach each situation with universal or default approaches—instead, we need to apply critical thinking and find the best solution to meet customer needs. A fundamental principle of Better Buying Power is for all acquisition professionals to continually ask why they are taking a particular course of action and if it helps achieve the ultimate goal. As professional auditors, we need to ensure that our work adds the greatest possible value to the defense acquisition process. To do that, we need to improve our responsiveness, provide the right solutions, and deliver products on time.

Objective 2a: *Be responsive to the acquisition community*

Our value is based on the quality of our work and how well we respond to the needs of the acquisition community. Responsiveness starts with actively seeking out, identifying, and understanding the contracting needs of our customers, early and throughout all phases of the contracting cycle. Using this knowledge of their requirements, we can identify innovative, high quality solutions to meet their specific needs.

Objective 2b: *Perform the right services with the greatest value*

To make the best use of our resources, we must focus our efforts on audits and services that provide the most value to the taxpayer, the warfighter, and the acquisition community. We must prioritize high risk contract actions and deliver relevant audit solutions that meet customer needs and provide the greatest return on investment. It is imperative that we maintain continuous engagement with our customers before, during, and after an audit to ensure that we are providing the right audit service, at the right time, throughout the acquisition timeline.

Objective 2c: *Deliver quality products and services on time*

Our products and services must be completed in time for our acquisition partners to use the results. Conducting effective risk assessments and understanding customer requirements are both critical to improving timeliness. Careful assessments of risk require critical thinking, auditor judgment, and knowledge sharing. To improve our timeliness, we must better understand how to equip auditors, at all levels, with what they need to deliver quality products on time, every time.

Goal 3: Foster a diverse workforce of highly motivated and valued professionals

Executing DCAA's unique contract auditing mission depends on a diverse, high performing, engaged, knowledgeable workforce that thrives in the ever-changing environment of defense acquisition. To develop sustainable solutions for the complex challenges we face, our employees need both technical expertise to execute their core functions and leadership skills to motivate others, engage with customers, and get results. To achieve this goal, we must have an effective recruiting strategy and hiring process to get the right people, provide high-quality training and development opportunities for employees throughout their careers, and nurture a work environment where people feel valued, motivated, and committed to being a part of the DCAA team.

Objective 3a: *Recruit and hire a diverse, high quality workforce*

To recruit diverse, high quality people, we must continually look for effective venues and methods to reach potential candidates, with different backgrounds and ideas, who have the knowledge, skills, abilities, and behaviors needed to perform our mission; clearly define expectations for positions at all levels; and ensure that our hiring process achieves our objectives.

Objective 3b: *Design training, development, and talent management strategies that support and encourage employee growth and career progression*

We must effectively equip our workforce with the right technical and leadership competencies to excel today and embrace new roles in the future. To encourage and motivate employees to take on new responsibilities and positions, we need to take a multipronged approach to career development and talent management that includes succession planning, training, coaching and mentoring, developmental assignments, and other targeted approaches based on employee and Agency needs.

Objective 3c: *Increase employee retention*

Employee retention is critical to accomplishing our mission objectives, now and into the future. To retain our valued professionals, we must engage, develop, reward, and effectively lead employees at all levels. We must also strive to better understand specific factors that influence decisions to remain with or leave the Agency.

Goal 4: Enhance working relationships with DCAA external stakeholders

DCAA and its external stakeholders share a common goal of supporting the warfighters with goods and services at fair and reasonable prices. While our Agency serves a unique purpose as independent examiners of contractor assertions, we rely on interdependent, professional relationships with our acquisition partners, oversight organizations, and industry to effectively execute our mission. To enhance those relationships and better understand stakeholders' needs, we must work with each stakeholder group to identify productive venues for interaction, potential barriers to engagement, effective ways to clarify audit expectations, and specific areas for new or improved processes.

Objective 4a: *Increase engagement with our acquisition partners, at all levels within our Agency, to promote a One Government team*

As part of the One Government acquisition team, we conduct audit services that provide the greatest level of assurance in determining allowable and allocable contract costs. Contracting officers can use our products and services to complement other methods of field pricing support, which strengthen the government's position in negotiations. To deliver relevant, timely services that optimize our expertise and provide the most value, we must engage with our acquisition partners early on, maintain close communication throughout the acquisition cycle, and provide expert support in negotiations.

Objective 4b: *Enhance professional relationships with external oversight organizations*

The oversight community shares our commitment to getting the best value for every taxpayer dollar spent on defense acquisition and warfighter support. To achieve our common goal, we must enhance our professional relationships with oversight organizations to build a shared understanding of the standards that govern our work, increase our success in achieving those standards, and ensure we continue to provide relevant, responsive services that meet DoD's needs.

Objective 4c: *Increase engagement with industry to improve acquisition and audit processes*

DCAA and the contracting community share a common goal of serving the warfighter, but each of us has different roles within the acquisition process—contractors provide the products and services that warfighters need, and DCAA ensures that defense contracts comply with FAR, DFARS, and other regulatory requirements. Even with our differing roles, we must develop and rely on cooperative, professional relationships with each other to fulfill our respective missions. To ensure that DCAA's processes are as efficient and effective as possible, we must engage in open and honest discussions with industry to clarify audit requirements, understand and proactively address contractor concerns, obtain contractor compliance, and evaluate ways to improve acquisition and audit processes.

Goal 5: Provide the workforce with the right information, business processes, and capabilities to successfully accomplish the mission

Our success as an agency is the direct result of our workforce, a high performing group of professionals whose work saves billions of dollars every year. DCAA audit services play a critical role in defense acquisition, and our findings strengthen the government's negotiation position and lead to better buying decisions. Auditors rely on many sources of information to reach sound, professional judgements, including the Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), Cost Accounting Standards (CAS), DCAA policy and guidance, and contractor information. To optimize audit efforts, we must ensure that auditors and our professional support staff can quickly and easily access, understand, analyze, and share the information necessary to effectively accomplish the mission. Additionally, we must streamline our business processes to keep our focus on high priority work and eliminate redundant, unnecessary, or ineffective tasks. Finally, our information technology solutions must enable better information management by automating processes to increase efficiency; centralizing information for better access and consistency; and incorporating government standards that support information sharing and exchange.

Objective 5a: *Ensure that all employees can quickly access, critically analyze, easily share, and adeptly use information to develop defensible solutions*

Information is a critical resource for accomplishing DCAA's mission, and we must provide more efficient access to key information sources so employees can find what they need quickly and easily. Internally, we must ensure our policies, guidance, and other mission-related information is thorough, clear, and understandable. At the same time, our workforce must possess and employ the necessary critical thinking and analytical skills to develop defensible professional judgments and solutions in various situations. Finally, we must improve our information systems and develop new capabilities to more effectively deliver and share information across the Agency.

Objective 5b: *Increase knowledge sharing across the Agency at all levels*

The complexity of our mission, the varieties of specialized knowledge it requires, the geographical dispersion of expertise, and the evolving needs in defense acquisition all underscore the need to effectively share knowledge throughout the Agency. Sharing knowledge requires trust, collaboration, and communication. To fully embody a knowledge sharing culture, we must explore the beliefs, constraints, and behaviors that affect the willingness or ability to execute knowledge sharing principles.

Goal 5: Provide the workforce with the right (Cont.) information, business processes, and capabilities to successfully accomplish the mission

Objective 5c: *Optimize business processes to improve quality, increase efficiency, and reduce waste*

To keep our resources focused on the highest priority work, we must examine existing business processes, in consultation with stakeholder groups, to identify and eliminate inefficient, duplicative, or unnecessary activities. We must also design additional, effective business processes, where needed, to meet new requirements.

Objective 5d: *Leverage technology to support business and strategic objectives*

Information technology initiatives, driven by strategic objectives, can provide the enabling platform for increased capabilities, improved performance, and better collaboration within and outside the Agency. We must incorporate emerging technologies and leverage our existing infrastructure to provide innovative, cost effective solutions that meet user needs, save time, and adhere to DoD requirements. In support of the One Agency environment, we must prioritize consolidation, interoperability, consistency, and sharing capabilities in our development decisions.

Appendix A: Current and Future Strategic Initiatives

April, 2016

Goal 1: Embody a culture of One Agency, one team, one direction

Objective 1a: *Ensure the entire organization clearly understands the principles of “One Agency, one team, one direction” and exhibits behaviors consistent with those principles*

Current → **Initiative 1a1:** Develop and implement a comprehensive communication strategy to inform the workforce of expectations and behaviors

Objective 1b: *Optimize the organization’s structure to ensure consistency, reduce redundancy, increase efficiency, and improve customer service*

Current → **Initiative 1b1:** Centralize all support functions

Current → **Initiative 1b2:** Assess and optimize the organizational structure to reinforce the One Agency culture and provide optimal mission results

Goal 2: Support the acquisition community by providing quality audits and advisory services

Objective 2a: *Be responsive to the acquisition community*

Initiative 2a1: Working with customers, develop a process to proactively determine future audit requirements

Initiative 2a2: Develop a process to integrate the results of 2a1 for early engagement and workload planning in the field

Objective 2b: *Perform the right services with the greatest value*

Current → **Initiative 2b1:** Identify barriers preventing us from providing relevant audit services to our customers

Initiative 2b2: Identify ways to further increase participation in negotiations

Objective 2c: *Deliver quality products and services on time*

Initiative 2c1: Identify what enables and impedes auditors/audit teams to confidently exercise professional judgment when setting audit scope based on risk

Initiative 2c2: Identify and communicate best practices for completing all audit and advisory services in time to impact the acquisition processes

Initiative 2c3: Examine assist-audit process to identify areas of improvement

Goal 3: Foster a diverse workforce of highly motivated and valued professionals

Objective 3a: *Recruit and hire a diverse, high quality workforce*

- Current** → **Initiative 3a1:** Identify and assess areas to improve the hiring process to satisfy Agency wide staffing needs
- Initiative 3a2:** Define key traits and core competencies DCAA expects in a candidate, from entry-level through senior management positions
- Initiative 3a3:** Identify diversity gaps in the Agency's workforce and implement strategies for minimizing those gaps

Objective 3b: *Design training, development, and talent management strategies that support and encourage employee growth and career progression*

- Current** → **Initiative 3b1:** Develop and implement a succession plan
- Current** → **Initiative 3b2:** Identify developmental opportunities to motivate and better prepare auditors for supervisory positions
- Initiative 3b3:** Evaluate and improve the IDP process to better manage employee career development
- Initiative 3b4:** Define leadership expectations for entry-level through senior management positions

Objective 3c: *Increase employee retention*

- Initiative 3c1:** Evaluate exit surveys and attrition data to identify retention opportunities
- Initiative 3c2:** Develop and implement strategies to engage employees
- Initiative 3c3:** Define the goals of the Agency's award program and determine the best way to accomplish those goals

Goal 4: Enhance working relationships with DCAA external stakeholders

Objective 4a: *Increase engagement with our acquisition partners, at all levels within our Agency, to promote a One Government team*

- Current** → Initiative 4a1: Identify the barriers for executing the Rules of Engagement (ROE)
- Initiative 4a2: Identify opportunities to provide input, where appropriate, to OSD AT&L as they develop new acquisition policies and initiatives
- Initiative 4a3: Identify factors that impact sustentation of audit findings
- Initiative 4a4: Increase coordination and communication with our non-DCMA contracting officers, including our classified customers, and implement similar processes we have implemented with DCMA

Objective 4b: *Enhance professional relationships with external oversight organizations*

- Initiative 4b1: Identify productive ways to engage with oversight organizations

Objective 4c: *Increase engagement with industry to improve acquisition and audit processes*

- Initiative 4c1: Identify barriers, at all levels of our Agency, that prevent us from engaging with contractors
- Initiative 4c2: Develop a process for identifying new or recurring industry issues to enable proactive problem solving and improved acquisition and audit processes

Goal 5: Provide the workforce with the right information, business processes, and capabilities to successfully accomplish the mission

Objective 5a: *Ensure that all employees can quickly access, critically analyze, easily share, and adeptly use information to develop defensible solutions*

Initiative 5a1: Evaluate effectiveness of policy deployment

Current → Initiative 5a2: Assess and identify gaps in critical thinking skills

Objective 5b: *Increase knowledge sharing across the Agency at all levels*

Initiative 5b1: Identify cultural, institutional, and situational factors that enable or impede knowledge sharing within DCAA

Objective 5c: *Optimize business processes to improve quality, increase efficiency, and reduce waste*

Initiative 5c1: Assess and improve business processes to effectively evaluate large volumes of data

Initiative 5c2: Develop and implement a long-term workload planning capability and standard operating process to ensure the highest priority work is performed across the Agency

Initiative 5c3: Assess workforce satisfaction with centralized support, identify performance gaps, and improve business processes to better meet customer needs

Initiative 5c4: Reengineer and optimize audit business processes

Current → Initiative 5c5: Develop ideal audit environment for the 21st century

Objective 5d: *Leverage technology to support business and strategic objectives*

Initiative 5d1: Develop a real-time, agency-wide staff assessment capability that tracks staff availability to better manage workload requirements

Initiative 5d2: Identify and develop additional capabilities to educate and assist auditors in performing quality audits

Initiative 5d3: Identify and develop additional capabilities to educate and assist professional support staff in performing their functions

Initiative 5d4: Explore alternatives to legacy systems

Appendix B: COMPLETED Strategic Initiatives

This appendix will be updated as we complete strategic initiatives.

