

I conclude, therefore, that there is nothing more necessary in a community of men, either as a Sect, or Kingdom, or Republic, than to restore it to that reputation that it had at its beginning, and to endeavor to obtain either good ordinances or good men to bring about such a result, and not to have an extrinsic force do it. -- DISCOURSES OF NICCOLO MACHIAVELLI ON THE FIRST TEN (BOOKS) OF TITUS LIVIUS (Book 3, Chapter 1)

If you've been following our blog for any length of time, you know that we are not haters of the Defense Department's oversight agencies. Both the Defense Contract Management Agency (DCMA) and the Defense Contract Audit Agency (DCAA) fulfill important missions that support the military service men and women, while acting as stewards of taxpayer funds. The DOD's oversight mission is critical and we support it.

It's just that the two agencies are *so ineffectual* at executing their missions.

Mind you, that's not just our opinion. It's also the opinion of the Government Accountability Office (GAO). We [told you about](#) GAO's conclusion that, "A shift to a substantially decentralized, customer-oriented approach in the mid-2000s, intended to mitigate the impact of this workforce imbalance, resulted in unintended consequences such as inefficiencies in how work was done at the CMOs [Contract Management Offices]."

In that same blog article we told you about GAO's findings that—

Loss of this skill set, according to DCMA, meant that many of its pricing-related contract administration responsibilities, such as negotiating forward pricing rate agreements and establishing final indirect cost rates and billing rates, were no longer performed to the same level of discipline and consistency as in prior years. As a result, DCMA reported that DOD's acquisitions were subjected to unacceptable levels of cost risks.

For its part, DCMA concurred with the GAO findings, and told the Congressional auditors that it was moving back to a more centralized management approach. DCMA was going to focus on growing its lost skill sets, especially in the areas of business system management, indirect cost management, and cost/price analysis.

DCMA Reorganizes to Better Manage its Mission

Written by Nick Sanders

Friday, 10 February 2012 00:00

DCMA recently issued a general order that reorganized its Administrative Contracting Officers along the lines promised to GAO. [This article](#) explains the reorganization. It reports that—

... CACOs, DACOs and cost monitors will report directly to the agency's Cost and Pricing Center through the CACO/DACO Group located in Boston. This group is led by Ed Giangrande, CACO/DACO Group director. ...

Giangrande said the realignment ... allows the CACOs and DACOs to work together to ensure the integrity and completeness of the Contract Business Analysis Repository – the database which keeps track of contractors' current business systems and rate status, and key acquisition information. Additionally, there will be more peer reviews of forward pricing rate agreements/recommendations, or FPRAs/FPRRs, leading to improved timeliness and quality. He said another benefit will be quicker settlement of complex contractual issues through a centralized review process.

Another benefit Giangrande sees ... is the opportunity for CACOs and team supervisors to review the various work products prior to finalization by the DACOs – e.g. FPRAs/FPRRs, overhead negotiations, and cost accounting and disclosure statement issues. 'This will ensure consistency within the corporate structure,' he said. 'This centralized approach will afford the CACO and team supervisor the visibility into all the major business segment contractual activities within the corporate structure.'

The article quoted DCMA Director Charlie Williams as saying—

'It is my intention with this realignment to build a cost and pricing capability that links and unifies the community that is responsible for carrying out the business systems and indirect cost mission – the largest element of contract cost in the [Department of Defense] – into a single entity with scope, purpose and engagement that will become a dominant cost and pricing force for the Department. Nothing the agency does in support of the Department's mission affects as many contract dollars as our CACO/DACO impact on rate negotiations, cost accounting standards issue settlement and ensuring soundness of contractor business systems in producing responsible contracting practices by our suppliers. When we do our jobs right, the end result is greater assurance of the reasonableness of costs paid to contractors by DoD and greater use of the Department's resources on behalf of the warfighter and the American taxpayer.'

According to the article, the sequence of realigning the DACO/CACO network is as follows:

- 1.

Raytheon

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2.

General Dynamics

3.

BAE

4.

UTC/GE

5.

Northrop Grumman

6.

L-3 Communications

7.

ULA, Alliant Technologies, Jacobs Engineering, Parsons, Teledyne CSC, ITT, Shaw Group, McDermott, B&W, CBS, Booz Allen Hamilton, Unisys Ball, Johns Hopkins, Montgomery-Watson, CH2M, Rolls-Royce, Accenture QinetiQ

8.

Deloitte, IBM, ARINC

9.

Honeywell, DynCorp, Hewlett-Packard, General Atomics

10.

URS, Rockwell Collins, SAIC, Harris

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11.

Textron, Bechtel, GenCorp, DRS, CACI, ManTech

12.

Boeing

13.

Lockheed Martin

While we generally do not favor the additional layers of bureaucracy evidenced by DCMA's new org structure, we also acknowledge that *something must be done*. The current defense acquisition system is broken and neither DCAA nor DCMA are currently executing their missions very well. As a result, taxpayer funds are put at risk, and the equipment and services needed by the warfighters are delayed. The status quo is unacceptable and we favor any action that will break the current logjam.