

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 22-02 Financial Audit

Department of Defense's Support for the Law Enforcement Professionals Program in Afghanistan: Audit of Costs Incurred by Science Applications International Corporation

**In accordance with legal requirements, SIGAR has redacted certain information deemed
proprietary or otherwise sensitive from the report.**

OCTOBER
2021



SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT THE AUDIT REVIEWED

On March 27, 2013, the U.S. Department of Defense's Army Contracting Command–Aberdeen Proving Ground awarded a \$121,505,386 cost-plus-fixed-fee contract to Engility Corporation to support the Law Enforcement Professionals program in Afghanistan. The intent of the contract was to provide experienced former law enforcement personnel to advise, assist, mentor, and train U.S. and Coalition forces to better perform law enforcement-related responsibilities. In January 2019, Science Applications International Corporation (SAIC) acquired Engility Corporation. After 39 modifications, the contract's total funding decreased to \$110,352,447, and the period of performance was extended from June 30, 2014, to November 30, 2020.

SIGAR's financial audit, performed by Conrad LLP (Conrad) reviewed ██████████ in costs charged to the contract from July 1, 2018, through November 30, 2020. The objectives of the audit were to (1) identify and report on material weaknesses or significant deficiencies in SAIC's internal controls related to the contract; (2) identify and report on instances of material noncompliance with the terms of the contract and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether SAIC has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of SAIC's Special Purpose Financial Statement (SPFS). See Conrad's report for the precise audit objectives.

In contracting with an independent audit firm and drawing from the results of the audit, auditing standards require SIGAR to review the work performed. Accordingly, SIGAR oversaw the audit and reviewed its results. Our review disclosed no instances wherein Conrad did not comply, in all material respects, with generally accepted government auditing standards issued by the Comptroller General of the United States.

October 2021

Department of Defense's Support for the Law Enforcement Professionals Program in Afghanistan: Audit of Costs Incurred by Science Applications International Corporation

SIGAR 22-02-FA

WHAT SIGAR FOUND

Conrad identified two deficiencies, including one significant deficiency, in SAIC's internal controls, and two instances of noncompliance with the terms of the contract. For example, the auditors found 16 instances where SAIC could not provide sufficient supporting documentation to demonstrate compliance with the Fly America Act, which requires federal government-funded travelers to book flights through U.S. carriers. In addition, although business class airfare is not allowed per SAIC's policy, Conrad identified a business class airfare transaction. As a result of these travel-related issues, the auditors identified \$43,788 in questioned costs.

Conrad identified a total of \$44,927 in questioned costs, consisting of \$33,072 unsupported costs—costs not supported with adequate documentation or that do not have required approval—and \$11,855 ineligible costs—costs prohibited by the contract or applicable laws and regulations.

Category	Ineligible	Unsupported	Total Questioned Costs
Hazard Pay	\$1,139	\$0	\$1,139
Other Direct Costs/Travel	\$10,716	\$33,072	\$43,788
Total Costs	\$11,855	\$33,072	\$44,927

Conrad identified one prior audit report that was relevant to SAIC's contract. The report had three findings that could have a material effect on the SPFS and other financial data that are significant to this audit's objectives. Conrad conducted follow-up procedures and concluded that SAIC had taken adequate corrective action on all three of the findings as none of the issues were repeated.

Conrad issued an unmodified opinion on SAIC's SPFS, noting that it presents fairly, in all material respects, revenues received, and costs incurred for the period indicated.

WHAT SIGAR RECOMMENDS

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at Army Contracting Command–Aberdeen Proving Ground:

- 1. Determine the allowability of and recover, as appropriate, \$44,927 in questioned costs identified in the report.**
- 2. Advise SAIC to address the report's two internal control findings.**
- 3. Advise SAIC to address the report's two noncompliance findings.**



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

October 5, 2021

The Honorable Lloyd J. Austin III
Secretary of Defense

Honorable Christine Wormuth
Secretary of Army

General Kenneth F. McKenzie Jr.
Commander, United States Central Command

We contracted with Conrad LLP (Conrad) to audit the costs incurred by Science Applications International Corporation (SAIC) under a contract from the U.S. Department of Defense's Army Contracting Command–Aberdeen Proving Ground to support the Law Enforcement Professionals program in Afghanistan.¹ The intent of the contract was to provide experienced former law enforcement personnel to advise, assist, mentor, and train U.S. and Coalition forces to better perform their law enforcement-related responsibilities. Conrad reviewed [REDACTED] in costs charged to the contract from July 1, 2018, through November 30, 2020. Our contract with Conrad required that the audit be performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at Army Contracting Command–Aberdeen Proving Ground:

- 1. Determine the allowability of and recover, as appropriate, \$44,927 in questioned costs identified in the report.**
- 2. Advise SAIC to address the report's two internal control findings.**
- 3. Advise SAIC to address the report's two noncompliance findings.**

Conrad discusses the results of the audit in detail in the attached report. We reviewed Conrad's report and related documentation. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on SAIC's Special Purpose Financial Statement. We also express no opinion on the effectiveness of SAIC's internal controls or compliance with the contract, laws, and regulations. Conrad is responsible for the attached auditor's report and the conclusions expressed in it. However, our review disclosed no instances in which Conrad did not comply, in all material respects, with generally accepted government auditing standards issued by the Comptroller General of the United States.

Please provide documentation related to corrective actions taken and/or target dates for planned completion for the recommendations to sigar.pentagon.audits.mbx.recommendation-followup@mail.mil, within 60 days from the issue date of this report.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

(F-209)

¹ The contract number is W91CRB-13-C-0021.

Science Applications International Corporation (SAIC)

Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army
Contracting Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

For the period July 1, 2018 through November 30, 2020

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June 16, 2021

Board of Directors
Science Applications International Corporation
Reston, VA

Special Inspector General for Afghanistan Reconstruction ("SIGAR")
Arlington, VA

Conrad LLP (referred to as "Conrad" or "we") hereby provides to you our final report, which reflects results from the procedures we completed during our audit of Science Applications International Corporation's ("SAIC") Special Purpose Financial Statement ("SPFS") for costs incurred under Contract No. W91CRB-13-C0021 awarded by the Department of Defense Army Contracting Command – Aberdeen Proving Ground, for the period of July 1, 2018 through November 30, 2020.

On March 19, 2021, we provided SIGAR with a draft report reflecting our audit procedures and results. SAIC received a copy of the report on May 10, 2021; and provided written responses subsequent thereto. These responses have been considered in the formation of the final report, along with the written and oral feedback provided by SIGAR and SAIC. SAIC's responses and our corresponding auditor analysis are incorporated into this report following our audit reports.

Thank you for providing us the opportunity to work with you and to conduct the audit of this Contract.

Sincerely,

A handwritten signature in blue ink that reads "Conrad LLP".

Sam Perera, CPA, CFE, CITP, CGMA
Partner

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

For the Period of July 1, 2018 through November 30, 2020

Background

On March 27, 2013, the Department of Defense’s Army Contracting Command – Aberdeen Proving Ground (“ACC-APG”) awarded Cost Plus Fixed-Fee Contract No. W91CRB-13-C-0021 (“Contract”) to Engility Corporation (“Engility”), now Science Applications International Corporation (“SAIC”) for a total estimated cost of \$121,505,386 to support the Law Enforcement Professionals (“LEP”) program in Afghanistan. The total estimated cost encompassed [REDACTED] cost budget and a fixed fee of [REDACTED] with an initial period of performance of April 1, 2013 to June 30, 2014.

The intent of the Contract is to provide U.S. Forces with experienced former law enforcement personnel with criminal enterprise investigative and analytical experience, and the ability to teach basic and community policing skills, policing standards and tactical law enforcement to U.S. Forces in the Continental United States and in support of U.S. Forces in overseas contingency operations. The role of LEP personnel at all levels is to advise, assist, mentor, and train U.S. and Coalition Forces to better execute their law enforcement related responsibilities, including building capacity in Host Nation Security Forces, inclusive of military and civilian law enforcement agencies, in furtherance of Rule of Law development.

Engility is a publicly traded company and has provided mission critical services to the U.S. government for more than 60 years. Effective January 14, 2019, Science Applications International Corporation (“SAIC”) completed the acquisition of Engility Holdings Inc., through which Engility Corporation became a wholly owned subsidiary of SAIC. SAIC is an American company headquartered in Reston, Virginia that provides technical, engineering, and enterprise information technology services primarily to U.S. government such as the Army, Air Force, Navy, Marines, Coast Guard, agencies of the Department of Defense, National Aeronautics and Space Administration, Department of State, Department of Justice, and several sensitive intelligence community agencies.

The Contract was modified a total of 39 times, with total funding decreasing to \$110,352,447 as of November 30, 2020, and the period of performance was extended from June 30, 2014 to November 30, 2020.

Summary of Contract and Modifications

Contract Number	Original			As Modified		
	Cost (\$)	Start	End	No. of Modifications	Total Final Budget (\$)	End
W91CRB-13-C-0021	\$121,505,386	04/01/13	06/30/14	39	\$110,352,447	11/30/20

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
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For the Period of July 1, 2018 through November 30, 2020

Work Performed

Conrad LLP (“Conrad”) was engaged by the Office of the Special Inspector General for Afghanistan Reconstruction (“SIGAR”) to conduct a financial audit of the Contract, as mentioned above, of SAIC’s Special Purpose Financial Statement (“SPFS”) for costs incurred under the LEP program for the period July 1, 2018 through November 30, 2020 with a total incurred cost of [REDACTED]

A summary of the Contract to be audited is as follows:

Contract Number	Contract Period		Audit Period*		Audit Amount
	Start	End	Start	End	Cost (\$)
W91CRB-13-C-0021	04/01/13	11/30/20	07/01/18	11/30/20**	[REDACTED]

* The audit period falls within the period of performance of the contract.

** Close-out Audit

Objectives, Scope, and Methodology

Audit Objectives

The objectives of the audit of the aforementioned awards include the following:

- *Special Purpose Financial Statement (“SPFS”)* – Express an opinion on whether SAIC’s SPFS for the Contract presents fairly, in all material respects, the revenues received, costs incurred, items directly procured by the U.S. Government, and balance for the period audited in conformity with the terms of the Contract and generally accepted accounting principles or other comprehensive basis of accounting.
- *Internal Controls* – Evaluate and obtain a sufficient understanding of SAIC’s internal controls related to the Contract; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses.
- *Compliance* – Perform tests to determine whether SAIC complied, in all material respects, with the awards requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with the terms of the Contract and applicable laws and regulations, including potential fraud or abuse that may have occurred.

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
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For the Period of July 1, 2018 through November 30, 2020

- *Corrective Action on Prior Findings and Recommendations* – Determine and report on whether SAIC has taken adequate corrective action to address findings and recommendations from previous engagements that could have a material effect on the SPFS or other financial data significant to the audit objectives.

Scope

The scope of this audit included all costs incurred during the period of July 1, 2018 through November 30, 2020 totaling [REDACTED] under the Contract. Our testing of indirect costs was limited to determining that the indirect costs were calculated using the approved Defense Contract Management Agency (DCMA) final and provisional indirect cost rates, as applicable for the given fiscal year.

Methodology

In order to accomplish the objectives of this audit, we designed our audit procedures to include the following:

Entrance Conference

An entrance conference was held on October 9, 2020 with representatives of SAIC, Conrad, SIGAR, and ACC-APG participating via conference call. The purpose of the entrance conference was to discuss the nature, timing, and extent of audit work to be performed, establish key contacts throughout the engagement, and schedule status briefings. We also discussed the timeframe for the completion of the audit.

Planning

During our planning phase, we performed the following:

- Obtained an understanding of SAIC;
- Reviewed the Contract and modifications;
- Reviewed regulations specific to the Department of Defense that are applicable to the Contract;
- Performed a financial reconciliation; and
- Selected samples based on our sampling techniques. According to the approved Audit Plan, we used the detailed accounting records that were reconciled to the financial reports. Based upon the risk assessment and materiality included as part of the approved Audit Plan, we performed data mining to assess individual expenditure accounts and transactions that were considered to be high or medium to low risk for inclusion in our test of transactions. None of the populations

Science Applications International Corporation (SAIC)

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For the Period of July 1, 2018 through November 30, 2020

were homogeneous in nature, which means none of the costs are identical in nature, thus statistical sampling was not used. All samples were selected on a judgmental basis. Our sampling methodology for judgmental samples was as follows:

- For accounts that appear to contain unallowable and restricted items according to the terms of the Contract, Defense Federal Acquisition Regulations (“DFARS”), Federal Acquisition Regulations Part 31 and Part 52 (“FAR Part 31 and FAR Part 52”), and any other applicable regulations, we tested 100% of the transactions.
- For related party transactions, we did not identify any related party transactions.
- For high risk cost categories, we sampled transactions greater than \$118,300 not to exceed 30% of the total amount expended for each cost category.
- For medium risk cost categories, we sampled transactions greater than \$236,600 not to exceed 20% of the total amount expended for each cost category.
- For low risk cost categories, we sampled transactions that are greater than \$236,600 not to exceed 10% of the total amount expended for each cost category and not to exceed 50 transactions in total for all accounts comprising low risk cost categories.

Special Purpose Financial Statements

In reviewing the SPFS, we performed the following:

- Reconciled the costs on the SPFS to the Contract and the applicable general ledgers;
- Documented procedures associated with controlling funds, including bank accounts and bank reconciliations;
- Traced receipt of funds to the accounting records;
- Sampled and tested the costs incurred to ensure the costs were allowable, allocable to the Contract, and reasonable; and
- Reviewed personnel costs to ensure they are supported, authorized, reasonable, and allowable.

Internal Controls Related to the Contract

We reviewed SAIC’s internal controls related to the Contract to gain an understanding of the implemented system of internal control to obtain reasonable assurance of SAIC’s financial reporting function and compliance with applicable laws and regulations. This review was accomplished through interviews with

Science Applications International Corporation (SAIC)

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management and key personnel, reviewing policies and procedures, and identifying key controls within significant transaction cycles and testing those key controls.

Compliance with the Contract's Requirements and Applicable Laws and Regulations

We performed tests of transactions to determine whether SAIC complied, in all material respects, with the Contract's requirements, DFARS, FAR Part 31, FAR Part 52, and any other applicable laws and regulations. We also identified and reported on instances of material noncompliance with terms of the Contract and applicable laws and regulations, including potential fraud or abuse that may have occurred.

Corrective Action on Prior Findings and Recommendations

Conrad requested from SAIC, as well as conducted searches online of various governmental websites, including SIGAR, Department of Defense, and other applicable Federal agencies, to identify previous engagements that could have a material effect on SAIC's SPFS. For those engagements, Conrad evaluated the adequacy of corrective actions taken on findings and recommendations that could have a material effect on the SPFS. See the Status of Prior Audit Findings section on page 23.

Exit Conference

An exit conference was held on March 8, 2021 via conference call. Participants included representatives from Conrad, SAIC, SIGAR, and ACC-APG. During the exit conference, we discussed the preliminary results of the audit and reporting process.

Summary of Results

Upon completion of our audit of the costs incurred by SAIC under their Contract with ACC-APG, we issued an unqualified opinion on the SPFS and identified two findings that amounted to \$44,927 in questioned costs. We have summarized the details of these results in the Findings and Questioned Costs subsection below. Our summary is intended to present an overview of the audit results and is not intended to be a representation of the audit's results in their entirety.

Auditor's Opinion on the SPFS

Conrad issued an unqualified opinion on the fairness of the presentation of the SPFS. We identified \$44,927 in total questioned costs, composed of \$11,855 in ineligible costs and \$33,072 in unsupported costs. Ineligible costs are explicitly questioned because they are unreasonable; prohibited by the award provisions or applicable laws and regulations; or not award related. Unsupported costs are not supported with adequate documentation or did not have required prior approvals or authorizations.

Science Applications International Corporation (SAIC)

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Findings and Questioned Costs

The two findings listed below are classified as either an internal control deficiency or noncompliance, or if both classifications were identified then a combination of both was presented. Also, internal control findings were classified as a deficiency, a significant deficiency, or a material weakness based on their impact on SAIC’s SPFS. In performing our testing, we considered whether the information obtained during our testing resulted in either detected or suspected material fraud, waste, or abuse, which would be subject to reporting under *Government Auditing Standards*. Evidence of such items was not identified by our testing.

Finding Number	Nature of Finding	Matter	Ineligible Costs	Unsupported Costs	Cumulative Questioned Cost
2020-01	Non-Compliance; Internal control – Significant deficiency	Ineligible and unsupported travel costs charged to the Contract.	\$10,716	\$33,072	\$43,788
2020-02	Non-Compliance; Internal control - Deficiency	Ineligible danger pay mistakenly applied to overtime.	\$1,139	\$0	\$44,927
Total Questioned Costs			\$11,855	\$33,072	\$44,927

Internal Control Findings

Our audit discovered two internal control findings, consisting of one significant deficiency and one deficiency. See Independent Auditor’s Report on Internal Control on page 14.

Compliance Findings

The results of our testing disclosed two instances of non-compliance related to this audit. See the Independent Auditor’s Report on Compliance on page 16.

In performing our testing, we considered whether the information obtained during our testing resulted in either detected or suspected material fraud, waste, or abuse, which would be subject to reporting under *Government Auditing Standards*. Evidence of such items was not identified by our testing.

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
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For the Period of July 1, 2018 through November 30, 2020

Review of Prior Findings and Recommendations

Based on our request and search of prior engagements pertinent to SAIC's activities under the Contract, we identified one prior engagement, SIGAR 19-23 Financial Audit titled "*Department of the Army's Law Enforcement Professionals Program: Audit of Costs Incurred by Engility Corporation*" (Engility was acquired by SAIC in January 2019), that contained three findings that could have a material effect on the SPFS or other financial data significant to the audit objectives. We have reviewed the corrective actions taken to address these findings and recommendations. Our review procedures include a follow-up discussion with the management of the corrective action taken, reviewing evidence of revised policies and procedures or other applicable recommended actions, as well as conducting tests of the similar areas surrounding these issues during our current audit. Based on our review, we have concluded that SAIC has taken adequate corrective actions on these findings, and we did not identify similar issues during this audit. See Status of Prior Audit Findings on page 23 for a detailed description of the prior findings and recommendations.

Summary of SAIC's Responses to Findings

The following represents a summary of the responses provided by SAIC to the findings identified in this report (the complete responses received can be found in Appendix A to this report):

(1)

[REDACTED]

(2)

[REDACTED]



INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

Board of Directors
Science Applications International Corporation (SAIC)
Reston, VA

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

Report on the Special Purpose Financial Statement

We have audited the accompanying Special Purpose Financial Statement of Science Applications International Corporation ("SAIC") and the related notes to the Special Purpose Financial Statement, with respect to Contract No. W91CRB-13-C-0021 ("Contract") awarded by the Department of Defense Army Contracting Command – Aberdeen Proving Ground ("ACC-APG") supporting the Law Enforcement Professionals ("LEP") program, for the period of July 1, 2018 through November 30, 2020.

Management's Responsibility for the Special Purpose Financial Statement

Management is responsible for the preparation and fair presentation of the Special Purpose Financial Statement in accordance with the requirements provided by the Office of the Special Inspector General of Afghanistan Reconstruction ("SIGAR"). Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the Special Purpose Financial Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Special Purpose Financial Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Special Purpose Financial Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Special Purpose Financial Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special Purpose Financial Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the SAIC's preparation and fair presentation of the Special Purpose Financial Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SAIC's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Special Purpose Financial Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion.

Opinion

In our opinion, the Special Purpose Financial Statement referred to above presents fairly, in all material respects, the revenue received and costs incurred by SAIC for the Contract for the period of July 1, 2018 through November 30, 2020, in accordance with the basis of accounting described below.

Basis of Accounting

We draw attention to Note 2 and Note 3 to the Special Purpose Financial Statement, which describes the basis of presentation and accounting. As described in Notes 2 and 3 to the Statement, the Statement is prepared by SAIC on the basis of the requirements provided by SIGAR, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 15, 2021 on our consideration of SAIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, terms of the Contract and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SAIC's internal control over financial reporting and compliance.

Restriction on Use

This report is intended for the information of Science Applications International Corporation, the United States Department of Defense Army Contracting Command – Aberdeen Proving Ground, and the Special Inspector General for Afghanistan Reconstruction, and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public. However, subject to applicable laws, this report may be released to Congress and to the public by SIGAR in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.



Lake Forest, California
June 15, 2021

(Continued)

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
 Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
 Command – Aberdeen Proving Ground (ACC-APG)
 To Support the Law Enforcement Professionals (LEP) Program

For the Period of July 1, 2018 through November 30, 2020

Special Purpose Financial Statement

	<u>Budget</u>	<u>Actual</u>	Questioned Costs			<u>Notes</u>
			<u>Ineligible</u>	<u>Unsupported</u>	<u>Total</u>	
Revenues:						
W91CRB-13-C0021	██████████	██████████	\$ -	\$ -	\$ -	(6)
Total revenues	-██████████	-██████████	-	-	-	
Costs incurred ¹ :						
Direct Labor	██████████	██████████	-	-	-	
Hazard Pay	██████████	██████████	1,139	-	1,139	(A)
ODC/Travel	██████████	██████████	10,716	33,072	43,788	(B)
DBA Insurance	██████████	██████████	-	-	-	
Fee	-██████████	-██████████	-	-	-	
Total costs incurred	██████████	██████████	<u>\$ 11,855</u>	<u>\$ 33,072</u>	<u>\$ 44,927</u>	
Outstanding fund balance	<u>\$ -</u>	<u>\$ -</u>				

¹ Associated indirect costs are included in each cost category.

Science Applications International Corporation (SAIC)

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Notes to the Special Purpose Financial Statement²

(1) **SAIC Background**

Science Applications International Corporation (“SAIC”) is a premier technology integrator providing full lifecycle services and solutions in the technical, engineering, intelligence, and enterprise information technology markets. SAIC is redefining ingenuity through our deep customer and domain knowledge to enable the delivery of systems engineering and integration offerings for large, complex projects. On January 14, 2019, SAIC completed its acquisition of Engility Holdings, Inc. in an all-stock transaction. Engility Corporation operated as a wholly owned subsidiary of SAIC until August 3, 2019. As of that date, Engility fully integrated into SAIC. SAIC’s approximately 25,500 employees are driven by integrity and mission focus to serve customers in the U.S. Federal Government. Headquartered in Reston, VA, SAIC has annual revenues of approximately \$7.1 billion. We provide enduring customer relationships and leverage our deep mission domain knowledge and breadth to align with customer mission needs.

(2) **Basis of Presentation**

The accompanying Special Purpose Financial Statement includes cost incurred under Contract Number W91CRB-13-C-0021 for the Law Enforcement Program (“LEP”) for the period July 1, 2018 through November 30, 2020. The Special Purpose Financial Statement presents only a selected portion of the operations of SAIC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SAIC. The information in this Special Purpose Financial Statement is presented in accordance with the requirements specified by the Office of the Special Inspector General for Afghanistan Reconstruction (“SIGAR”) and is specific to the LEP Contract. Therefore, some amounts present in this Statement may differ from the amounts presented in or used in the preparation of, the basic financial statements.

(3) **Basis of Accounting**

Expenditures reported on the Special Purpose Financial Statement are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 48, Part 31 of the Code of Federal Acquisition Regulations, wherein certain type of expenditures are not allowable or are limited as to reimbursement.

(4) **Costs Incurred**

The budget categories, represented by Contract Line Item Numbers (CLINs), reflect the budget line items presented within the final approved Contract budget along with the associated modifications from P00028 through P00039. CLINs include both direct and indirect costs as there were no separate CLINs designated for indirect costs.

² These Notes to the Special Purpose Financial Statement are the responsibility of Science Applications International Corporation.

Science Applications International Corporation (SAIC)

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Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
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Notes to the Special Purpose Financial Statement

(5) Currency

For purposes of preparing the Special Purpose Financial Statement, conversion from local currency to the United States dollars were not required. All amounts are recorded in U.S. dollars.

(6) Revenues

Revenues on the Special Purpose Financial Statement represent the amount of funds to which SAIC is entitled to receive for allowable, eligible cost incurred under the Contract and fixed fees earned during the period of performance.

(7) Revenue Recognition

Cost reimbursable tasks are recognized based on costs incurred plus applicable indirect rates and the proportion of fees associated with the portion of the task completed. Firm Fixed Price tasks are recognized based on the proportion of work completed in comparison to the overall Contract value. Revenue is calculated using actual indirect rates. These rates are subject to review by the Defense Contract Audit Agency (“DCAA”) through SAIC’s incurred cost submissions. The final outcome of these reviews may result in a rate adjustment which could increase or decrease the revenue recognized in the Special Purpose Financial Statement.

(8) Budget

Amounts presented in the Budget column of the Special Purpose Financial Statement reflect the total authorized funding from Modifications P00028 through P00039.

(9) Outstanding Fund Balance

The fund balance presented on the Special Purpose Financial Statement represents the difference between revenues earned and cost incurred plus fees earned. For the period ending November 30, 2020, the outstanding balance amounted to \$0. An amount greater than \$0 would reflect that the revenues have been earned that exceed the costs incurred or charged to the Contract and an amount less than \$0 would indicate that costs have been incurred, but are pending additional evaluation before final determination. The Special Purpose Financial Statement includes a balance of \$0 as of November 30, 2020.

(Continued)

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army
Contracting Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

Notes to Questioned Costs Presented on the Special Purpose Financial Statement³

For the Period of July 1, 2018 through November 30, 2020

(A) Hazard Pay

SAIC reported a total of [REDACTED] for Hazard Pay costs for the Contract for the period of July 1, 2018 through November 30, 2020.

During our audit of these costs, we noted one instance where an employee charged extra hours to hazard pay, which resulted in total ineligible hazard pay costs of \$1,139. See Finding No. 2020-02 in the Schedule of Findings and Questioned Costs section of this report.

(B) ODC/Travel

SAIC reported a total of [REDACTED] for ODC/Travel costs for the Contract for the period of July 1, 2018 through November 30, 2020.

During our audit of these costs, we noted one instance where SAIC charged business class to the Contract and 16 instances where SAIC was unable to demonstrate compliance with the Fly America Act. This resulted in ineligible costs of \$10,716 and unsupported costs of \$33,072, respectively, totaling \$43,788 in questioned costs. See Finding No. 2020-01 in the Schedule of Findings and Questioned Costs section of this report.

³ These Notes to Questioned Costs presented on the Special Purpose Financial Statement were prepared by the auditor for informational purposes only and as such are not part of the audited Special Purpose Financial Statement.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board of Directors
Science Applications International Corporation (SAIC)
Reston, VA

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Special Purpose Financial Statement of Science Applications International Corporation ("SAIC") representing revenues received and costs incurred under Contract No. W91CRB-13-C0021 awarded by the United States Department of Defense Army Contracting Command – Aberdeen Proving Ground ("ACC-APG") supporting the Law Enforcement Professionals ("LEP") Program for the period of July 1, 2018 through November 30, 2020, and the related Notes to the Special Purpose Financial Statement, and have issued our report thereon dated June 15, 2021 with an unmodified opinion.

Internal Control over Financial Reporting

In planning and performing our audit of the Special Purpose Financial Statement, we considered SAIC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAIC's internal control. Accordingly, we do not express an opinion on the effectiveness of SAIC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify a total of two deficiencies in internal control as described in the accompanying Schedule of Findings and Questioned Costs. Finding 2020-01 is considered to be a significant deficiency and finding 2020-02 is considered to be a deficiency.

SAIC's Response to Findings

SAIC's response to the findings identified in our audit is included verbatim in Appendix A. SAIC's response was not subjected to the auditing procedures applied in the audit of the Special Purpose Financial Statement, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control, and the result of that testing, and not to provide an opinion on the effectiveness of the SAIC's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended for the information of Science Applications International Corporation, United States Department of Defense Army Contracting Command – Aberdeen Proving Ground, and the Special Inspector General for Afghanistan Reconstruction and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905, should be considered before any information is released to the public. However, subject to applicable laws, this report may be released to Congress and to the public by SIGAR in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

The image shows a handwritten signature in blue ink that reads "Conrad LLP". The signature is written in a cursive, slightly stylized font.

Lake Forest, California
June 15, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Board of Directors
Science Applications International Corporation (SAIC)
Reston, VA

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Special Purpose Financial Statement of Science Applications International Corporation ("SAIC") representing revenues received and costs incurred under Contract No. W91CRB-13-C0021 awarded by the United States Department of Defense Army Contracting Command – Aberdeen Proving Ground ("ACC-APG") supporting the Law Enforcement Professionals ("LEP") Program for the period of July 1, 2018 through November 30, 2020, and the related Notes to the Special Purpose Financial Statement, and have issued our report thereon dated June 15, 2021 with an unmodified opinion.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAIC's Special Purpose Financial Statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and the aforementioned award Contract, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 2020-01 and 2020-02.

SAIC's Response to Findings

SAIC's response to the findings identified in our audit is included verbatim in Appendix A. SAIC's response was not subjected to the auditing procedures applied in the audit of the Special Purpose Financial Statement, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended for the information of Science Applications International Corporation, United States Department of Defense Army Contracting Command – Aberdeen Proving Ground, and the Special Inspector General for Afghanistan Reconstruction and is not intended to be and should not be used by anyone other than these specified parties. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public. However, subject to applicable laws, this report may be released to Congress and to the public by SIGAR in order to provide information about programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

The image shows a handwritten signature in blue ink that reads "Conrad LLP". The signature is written in a cursive, slightly slanted style.

Lake Forest, California
June 15, 2021

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

Schedule of Findings and Questioned Costs

For the Period of July 1, 2018 through November 30, 2020

Finding 2020-01: Ineligible and unsupported travel costs charged to the Contract.

Nature of Finding: Non-compliance; Internal Control – Significant Deficiency

Condition: Conrad selected a sample of 111 out of 1,696 travel transactions such as flights, hotels, and visas related to employee deployment made by SAIC’s travel department to determine if travel costs were adequately supported, reasonable, allocable, and allowable. Based on our testing, we noted the following:

- In 16 out of 111 deployment-related travel transactions, SAIC’s travel department was not able to provide sufficient supporting documentation to demonstrate compliance with the Fly America Act. The itineraries provided indicated an assertion from the travel agency used to book the flights that the flights were compliant with the Fly America Act. However, in the same documentation, a non-U.S. air carrier flight code was listed, conflicting with the assertion of compliance. Without additional documentation such as a copy of an actual ticket, Conrad was unable to determine if a U.S. carrier flight code was booked in accordance with the Joint Travel Regulations requirement for codeshare flights. Also, three of the 16 instances appear to be booked through carriers participating in the U.S.-European Union Open Skies Agreement², but since the Contract is funded by the Department of Defense this agreement does not apply. This resulted in \$33,072 in unsupported questioned costs.
- In one instance, business class airfare was charged, which is not allowable per SAIC travel policy. This resulted in \$10,716 in ineligible questioned costs.

Criteria:

SAIC/Engility’s Travel and Business Expense Reimbursement Manual, Effective date April 20, 2018, states in part:

“2.1 Overview of Requirements

“...The designated Manager / Supervisor who approves the expense report is responsible for reviewing the expense report for accuracy and for compliance with this procedure and any contract-specific requirements prior to approving expenses for reimbursement or payment...”

² The U.S.-European Union Open Skies Agreement is an agreement between the U.S. and the European Union (“EU”) permitting the use of an EU air carrier for government-funded travel outside the United States. Open Skies Agreements exceptions do not apply if the transportation is funded by the Department of Defense.

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

Schedule of Findings and Questioned Costs

For the Period of July 1, 2018 through November 30, 2020

...2.3.2.2 The Federal Acquisition Regulation (FAR) requires that airfares in excess of coach class are to be coded as unallowable...

...2.8.2. U.S. flag carriers must be used for foreign business flights to the extent that service on such carriers is available unless schedules, space availability, or contractual terms dictate the use of other air carriers. Business travel via foreign flag carriers under other circumstances is considered unallowable and should not be booked absent a contractual requirement.

... The Travel Services Provider is aware that Engility has to comply with Fly America Act requirements...”

The Joint Travel Regulations (“JTR”) section 020206 paragraph I states, in part:

“1. U.S. Carriers Required. The Fly America Act requires that U.S. flag carriers be used for all commercial transportation when the Government funds the travel (49 U.S.C. §40118(d)). The TMC and AO, therefore, require that travel by air and ship be on a U.S. flag carrier for every leg of a trip, unless the TMC and AO provide supporting documentation that a U.S. flag carrier is not available.

...

4. When using codeshare flights involving non-U.S. flag air carrier, the U.S. flag air carrier flight number must be used on the ticket for the travel to qualify as having been on a U.S. flag air carrier.”

Federal Travel Regulation - General Services Administration Bulletin 11-02 states, in part:

“... the rights given to EU airlines concerning U.S. Government procured transportation under the U.S.-EU Open Skies Agreement do not apply to transportation obtained or funded by the Secretary of Defense or the Secretary of a military department.”

JTR section 020206 paragraph J states, in part:

“Class of Service Used in Transportation. A traveler must use economy or coach accommodations on an airplane, train, or ship.”

Cause: SAIC did not retain sufficient evidence to demonstrate compliance with the Fly America Act. SAIC utilized a travel agency to provide travel arrangements for its employees. Although SAIC has developed a travel policy, the policy does not contain specific procedures for reviewing travel booked by their travel agency and does not explicitly state that sufficient documentation is to be maintained to demonstrate that the travel complies with SAIC’s travel policies, such as the Fly America Act and business class travel, as well as all other applicable regulations.

(Continued)

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

Schedule of Findings and Questioned Costs

For the Period of July 1, 2018 through November 30, 2020

Effect: The SAIC travel department's failure to review travel expenses booked by its travel agency and obtain sufficient supporting evidence to demonstrate compliance with the Contract and applicable regulations led to a program overcharge which resulted in ineligible costs being charged to the U.S. Government.

Questioned Costs: Unsupported questioned costs identified totaled \$33,072, of which [REDACTED] represents associated indirect costs, and ineligible questioned costs identified totaled \$10,716, of which [REDACTED] represents associated indirect costs. During SAIC's management response, SAIC provided the refund check for the ineligible questioned costs of \$10,716, and as such, we are not making a recommendation for ineligible questioned costs to be refunded.

Recommendation:

- (1) We recommend that SAIC either provide additional documentation to support compliance with the Fly America Act or return \$33,072 in unsupported costs to ACC-APG.
- (2) We recommend management officials at SAIC develop and include specific procedures in its travel policy to require the travel department to obtain sufficient documentation, such as copies of flight tickets with air carrier codes, and review costs booked under its travel agency to ensure their compliance with all applicable regulations including the Fly America Act and business class travel.

(Continued)

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

Schedule of Findings and Questioned Costs

For the Period of July 1, 2018 through November 30, 2020

Finding 2020-02: Ineligible danger pay mistakenly applied to overtime.

Nature of Finding: Non-compliance; Internal Control – Deficiency

Condition: Conrad selected 27 out of 81 employees and reviewed timesheets and personnel files such as offer letters to test whether allowances applied to personnel costs were adequately supported, reasonable, allocable, and allowable. During our testing, we noted one instance where an employee mistakenly entered overtime hours under the danger pay code of the timekeeping system and danger pay was incorrectly applied to the overtime hours. This was discovered during the audit and resulted in ineligible questioned costs of \$1,139.

Criteria:

SAIC Time Charging Instruction, states in part:

"...Employees are required to record time worked to the correct project number, pay type, and project labor category (if applicable), which ensures the correct classification (i.e. direct vs. indirect, allowable vs. unallowable, billable vs. unbillable, etc.) ..."

Employment offer letter dated February 5, 2019, states in part:

"Additionally, for the days worked in Afghanistan, you will be eligible to receive a danger pay allowance and post-differential. These allowances are subject to change as the Department of State implements changes to the allowance tables."

DSSR 040(k), Definitions states, in part:

"Basic compensation means the rate of compensation fixed:...(3) administratively in conformity with rates paid by the Government for work of a comparable level of difficulty and responsibility in the continental United States, before any deduction is made and without taking into consideration any additional compensation such as overtime pay, night pay differential, hazard differential, extra pay for work on holidays, post differential, and allowances; except that for teachers defined in subsection n, hereof, basic compensation means the rate of compensation fixed by the military departments of the Department of Defense for the position held by an individual (including any appropriate increments for having completed a higher level of academic preparation) before any deduction is made and exclusive of all allowances, differentials, or other additional compensation."

DSSR 655, Danger Pay Allowance on Detail states:

(Continued)

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

Schedule of Findings and Questioned Costs

For the Period of July 1, 2018 through November 30, 2020

“Employees on detail at a danger pay post may be granted the danger pay allowance at the prescribed rate for all days of detail at such post except for days of absence from the post in a post or area not designated for the danger pay allowance. Note: Danger Pay is paid only for hours for which basic compensation is paid.”

Cause: Due to an administrative oversight, danger pay was mistakenly applied to overtime hours. The employee entered hours above the maximum allotted 40 hours per week for danger pay in the timekeeping system by mistakenly coding all the hours to the danger pay code. Also, the Supervisor did not discover this mistake during their review of the employee’s timesheet.

Effect: SAIC’s failure to ensure costs charged were allowable under the Contract resulted in ineligible costs being charged to the U.S. Government.

Questioned Costs: Ineligible questioned costs identified totaled \$1,139, of which [REDACTED] represents associated fringe and indirect costs. During SAIC’s management response, SAIC provided the refund check for the amount in question, and as such, we are not making a recommendation for the amount to be refunded.

Recommendation:

- (1) We recommend that SAIC conduct timekeeping training with employees and supervisors to ensure that hours are properly entered into the timekeeping system and that entries are properly reviewed.

(Continued)

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

For the Period of July 1, 2018 through November 30, 2020

Status of Prior Audit Findings

We requested from SAIC, SIGAR, and conducted additional searches online for any prior engagements including audits, reviews, and evaluations pertinent to SAIC's activities. We identified one prior SIGAR audit report, Financial Audit 19-23, that was published in March 2019, and noted that three findings were identified. Based on our review of these findings, we noted that all three findings could have a material effect of the SPFS and other financial data significant to the audit objectives. We reviewed the responses and corrective actions taken to address these three findings and recommendations and found that none of the prior findings have been repeated. Our review procedures included a follow up discussion with SAIC's management, as well as conducting similar tests surrounding the identified areas during our current audit. We have summarized the results of our procedures below:

Finding No. 2018-01: Missing Evidence of Required Trainings and Background Checks

Issue: Non-compliance issue identified where Engility was unable to provide supporting documentation or evidence whether required training was completed, which resulted in \$6,031,716 of ineligible questioned costs.

Status: For the current engagement, we tested personnel files for employees who were on-boarded after SAIC had the opportunity to implement corrective actions after the prior audit finding. SAIC provided sufficient documentation to demonstrate compliance with the Contract's training requirements. As such, it has been concluded that SAIC has taken adequate corrective action as this was not identified as a repeated issue.

Finding No. 2018-02: Lack of Adherence to Engility's Timekeeping Policy

Issue: A significant deficiency and non-compliance issue identified where Engility did not adhere to its timekeeping policy and applicable federal regulations. Engility had implemented a new timekeeping system during January 2016 and allowed employees to enter and approve time prior to period end in order to get familiar with the new timekeeping system, resulting in an employee being able to enter and approve their own time entries. This resulted in \$19,781 of unsupported questioned costs.

Status: For the current engagement, it was noted that there were no timesheet entries where time was entered prior to the end of the period or where an employee approved their own timesheet. As such, it has been concluded that SAIC has taken adequate corrective action as this was not identified as a repeated issue.

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
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Status of Prior Audit Findings

For the Period of July 1, 2018 through November 30, 2020

Finding No. 2018-03: Duplicate Cost Claimed

Issue: An internal control deficiency issue identified where Engility booked and charged airfare for the same flight twice to the Contract. This resulted in a total ineligible questioned cost of \$2,738.

Status: For the current engagement, no additional duplicate charges were noted. As such, it has been concluded that SAIC has taken adequate corrective action as this was not identified as a repeated issue.

Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

For the Period of July 1, 2018 through November 30, 2020

SAIC's Responses to Audit Findings

Included on the following pages are Science Applications International Corporation's responses received to the findings identified in this report.



May 24, 2021

Mr. Sam Perera
Conrad LLP
23161 Lake Center Drive, Suite 200
Lake Forest, CA 92630

Subject: Special Inspection General for Afghanistan Reconstruction (SIGAR) Audit-Draft Findings pertaining to the Law Enforcement Professional (LEP) Program Contract Number W91CRB-13-C-0021 for the period July 1, 2018 through November 30, 2020

Dear Mr. Perera:

Enclosed is Science Application International Corporation’s (SAIC) management response as requested by Conrad LLP, on the draft report for the Law Enforcement Professional (LEP) Program Contract Number W91CRB-13-C-0021 for the period July 1, 2018 through November 30, 2020.

SAIC provided various information and support that we believe is sufficient in several areas where costs are being questioned. Please find below SAIC’s response to each audit finding.

Summary of Findings

Conrad Finding:

[Redacted]

Conrad Recommendation:

[Redacted]

[Redacted]

3. [Redacted]

SAIC Response:

1. [Redacted]

Conrad Finding:

[Redacted]

SAIC Response:

1. [Redacted]



[REDACTED]

[REDACTED] ue to ensure all corporate time charging policies are followed as currently prescribed.

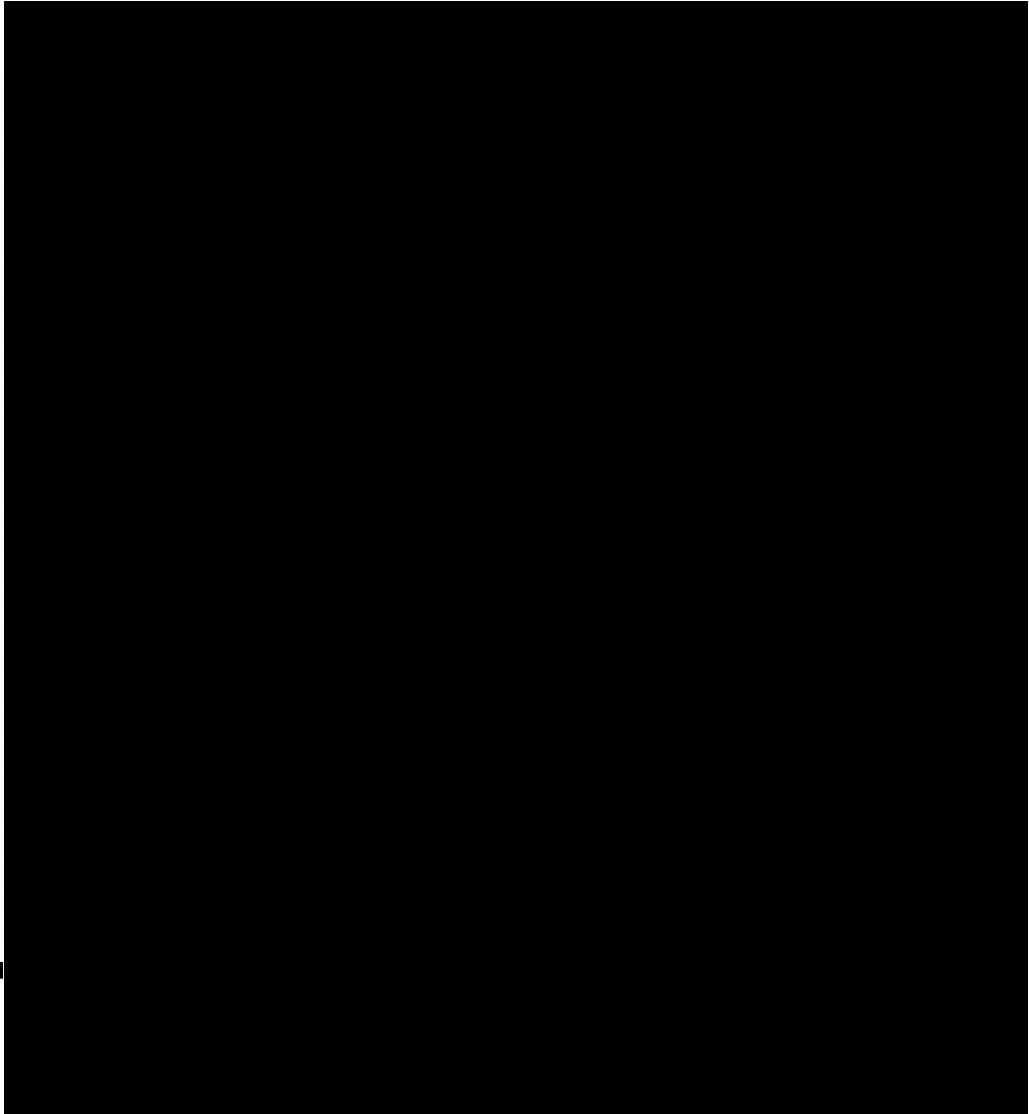
SAIC appreciates the opportunity to provide a response to these findings and takes these findings seriously. SAIC believes the responses provided properly address the audit findings and recommendations identified on the draft audit report.

Please do not hesitate to contact the undersigned [REDACTED] if you have any question or require additional information.

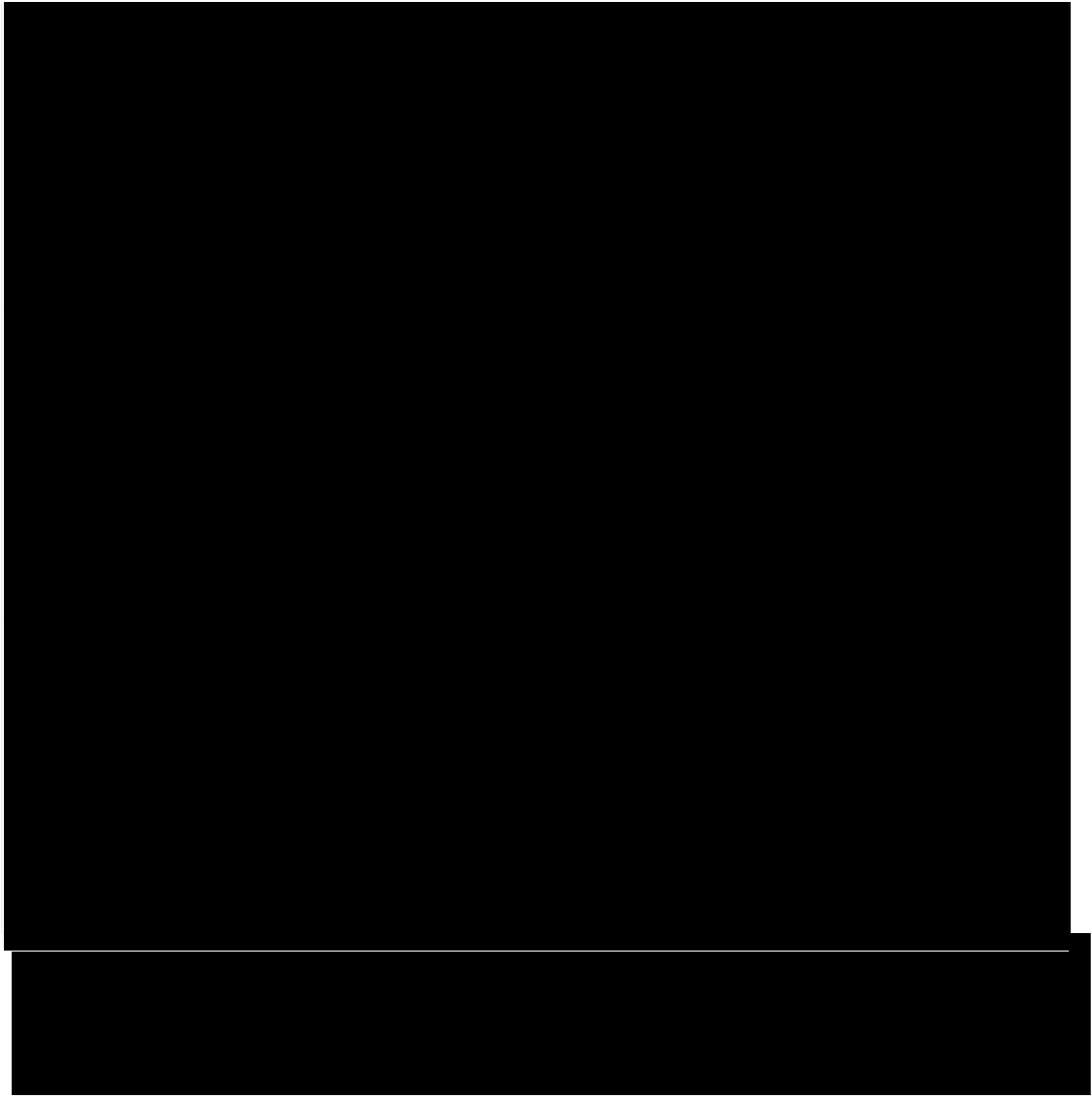
Sincerely,

[REDACTED]

Contracts Manager



Appendix B



Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract No. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

For the Period of July 1, 2018 through November 30, 2020

Auditor's Rebuttal to SAIC's Responses to Audit Findings

SAIC did not explicitly stated if they agreed or disagreed with Findings 2020-01 and 2020-02 but provided responses to each of the finding. We have reviewed SAIC's responses and provided the following rebuttals:

(1) 2020-01:



Auditor Rebuttal:

- SAIC provided a copy of the check issued to refund the ineligible business class fare and associated indirect costs. Since the overcharge was discovered during the audit fieldwork, the finding questioned cost remains unchanged, but the recommendation to refund the ineligible questioned costs of \$10,716 has been removed.
- The itineraries did provide an assertion by the travel agency that the booked travel was compliant with the Fly America Act, but they also indicated codes for non-U.S. air carrier flights having been used without detailed justification, and this is in conflict with that assertion. Since SAIC is unable to provide any additional documentation to support the travel costs were in compliance with the Fly America Act, our finding, the \$33,072 in questioned unsupported costs, and recommendations remain unchanged.
- SAIC stated they will review their current travel policy, however, since we have not received evidence from SAIC of an updated travel policy, this recommendation remains unchanged.

(2) 2020-02:



Science Applications International Corporation (SAIC)

Financial Audit of Costs Incurred Under
Contract no. W91CRB-13-C0021 Awarded by the Department of Defense Army Contracting
Command – Aberdeen Proving Ground (ACC-APG)
To Support the Law Enforcement Professionals (LEP) Program

For the Period of July 1, 2018 through November 30, 2020

Auditor's Rebuttal to SAIC's Responses to Audit Findings

Auditor Rebuttal:

- SAIC provided a copy of the check to refund the ineligible danger pay and associated indirect costs. Since the overcharge was discovered during the audit fieldwork, the finding is unchanged, but the recommendation to refund the ineligible questioned cost amount of \$1,139 has been removed.
- While SAIC indicated this was an isolated incident, the mistake still occurred and was not corrected during supervisory review. As such, our recommendation to conduct timekeeping training with employees and supervisors remains unchanged.

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

Public Affairs

Public Affairs Officer

- Phone: 703-545-5974
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2530 Crystal Drive
Arlington, VA 22202