

SIGAR

Special Inspector General for Afghanistan Reconstruction

SIGAR 15-66 Financial Audit

Department of the Army's Engineering Support: Audit of Costs Incurred by CACI Technologies, Inc.

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



JUNE
2015

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT THE AUDIT REVIEWED

On March 2, 2006, the Army Contracting Command (ACC) awarded an indefinite-delivery/indefinite-quantity contract to CACI Technologies, Inc. (CACI). ACC awarded two task orders (0096 and 0127) under this contract worth a combined total of \$429 million. ACC issued task order 0096 on September 20, 2010, with a ceiling of \$198 million and a period of performance from September 20, 2010, through February 28, 2014. The task order's purpose included engineering and program management, logistics, and transportation under the System Engineering Technical Assistance program. For example, the task order called for refurbishing facilities for Afghanistan's Counternarcotics Police. On September 16, 2011, ACC issued task order 0127, which was intended to provide engineering and logistical support to the U.S. Army. The ceiling amount for this task order was \$231 million, and the period of performance was from September 16, 2011, through September 15, 2014.

SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe), reviewed \$263,188,060 in expenditures charged to the task orders from September 20, 2010, through April 30, 2014. The objectives of the audit were to (1) identify and report on significant deficiencies or material weaknesses in CACI's internal controls related to the task orders; (2) identify and report on instances of material noncompliance with the terms of the task orders and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether CACI had taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of CACI's Special Purpose Financial Statement. See Crowe's report for the precise audit objectives.

In contracting with an independent audit firm and drawing from the results of the audit, SIGAR is required by auditing standards to review the audit work performed. Accordingly, we oversaw the audit and reviewed its results. Our review disclosed no instances where Crowe did not comply, in all material respects, with U.S. generally accepted government auditing standards.

June 2015

Department of the Army's Engineering Support: Audit of Costs Incurred by CACI Technologies, Inc.

SIGAR 15-66-FA

WHAT THE AUDIT FOUND

Crowe Horwath LLP (Crowe) identified five material weaknesses, two significant deficiencies, and four instances of noncompliance with the terms and conditions of the task orders. In assessing danger pay allowance for employees, CACI Technologies, Inc. (CACI) overcharged the U.S. government for danger pay that exceeded the Department of State's maximum rate of 35 percent of basic compensation. In some instances, the danger pay allowance was in excess of 50 percent of basic compensation. CACI also did not obtain the Contracting Officer's prior approval for extended work weeks or overtime charges. As a result, the U.S. government may have funded labor costs that were unreasonable or unnecessary. Although the Contracting Officer stated that extended work weeks were expected under both task orders, there was no written requirement in either task order indicating that this was necessary for the entire period of performance. Task order 0096 was modified on August 8, 2011, and incorporated a revised performance work statement authorizing extended work weeks of 96 hours. However, task order 0127 was not modified similarly.

As a result of these internal control deficiencies and instances of noncompliance, Crowe identified \$192,708 in total questioned costs, consisting of \$152,976 in unsupported costs—costs not supported with adequate documentation or that did not have required prior approval—and \$39,732 in ineligible costs—costs prohibited by the contract, applicable laws, or regulations.

Category	Ineligible	Unsupported	Total Questioned Costs
Direct Costs	\$39,732	\$152,976	\$192,708
Indirect Costs	\$0	\$0	\$0
Totals	\$39,732	\$152,976	\$192,708

Crowe did not identify any prior reviews or assessments that could have a material effect on the Special Purpose Financial Statement.

Crowe issued a disclaimer of opinion on CACI's Special Purpose Financial Statement because CACI did not provide a signed management representation letter which attests to the accuracy of a company's financial statements. CACI did not sign a letter because they felt that there were no rules on how Special Purpose Financial Statements should be prepared and therefore were under no obligation to sign a management representation letter. However, the letter is a required component of management's responsibilities under U.S. generally accepted government auditing standards and without it, Crowe was unable to issue an opinion.

WHAT SIGAR RECOMMENDS

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

1. Determine the allowability of and recover, as appropriate, \$192,708 in questioned costs identified in the report.
2. Advise CACI to address the report's seven internal control findings.
3. Advise CACI to address the report's four noncompliance findings.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

June 23, 2015

The Honorable Ashton B. Carter
Secretary of Defense

General Lloyd J. Austin III
Commander, U.S. Central Command

General John F. Campbell
Commander, U.S. Forces–Afghanistan and
Commander, Resolute Support

General Dennis L. Via
Commanding General, U.S. Army Materiel Command

Major General Theodore C. Harrison
Commanding General, U.S. Army Contracting Command

We contracted with Crowe Horwath LLP (Crowe) to audit the costs incurred by CACI Technologies, Inc. (CACI) under two Army Contracting Command task orders to provide support services in Afghanistan, such as engineering and program management, logistics, and transportation.¹ Crowe's audit covered \$263,188,060 in expenditures charged to the task orders from September 20, 2010, through April 30, 2014. Our contract 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 the Army Contracting Command:

- 1. Determine the allowability of and recover, as appropriate, \$192,708 in questioned costs identified in the report.**
- 2. Advise CACI to address the report's seven internal control findings.**
- 3. Advise CACI to address the report's four noncompliance findings.**

The results of Crowe's audit are further detailed in the attached report. We reviewed Crowe'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 CACI's Special Purpose Financial Statement. We also express no opinion on the effectiveness of CACI's internal control or compliance with the task orders, laws, and regulations. Crowe is responsible for the attached auditor's report and the conclusions expressed in the report. However, our review disclosed no instances where Crowe did not comply, in all material respects, with generally accepted government auditing standards issued by the Comptroller General of the United States.

We will be following up with your agency to obtain information on the corrective actions taken in response to our recommendations.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

(F-038)

¹ The Army Contracting Command awarded contract number W15P7T-06-D-E402 and associated task orders 0096 and 0127 to CACI. ACC awarded task order 0096 on September 20, 2010, and task order 0127 on September 16, 2011.



CACI Technologies, Inc.
Special Purpose Financial Statement
For the Period September 20, 2010 through April 30, 2014
(With Independent Auditor's Report Thereon)

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Transmittal Letter

April 20, 2015

To the Board of Directors and Management of CACI Technologies, Inc.
1100 North Glebe Road
Arlington, Virginia 22201

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

We appreciate the opportunity to provide to you our report regarding the procedures that we have completed during the course of our audit of CACI Technologies, Inc.'s ("CACI") contract task orders with the United States Army funding technical assistance support to the Program Executive Office, Command, Control, Communications Technology Special Projects Office, and Communications Electronics Research Development and Engineering Center Command and Control Directorate and Engineering, Installation/Integration, Technology Insertion and Logistical Support to the Quick Reaction & Battle Command Support Division.

Within the pages that follow, we have provided a brief summary of the work performed. Following the summary, we have incorporated our report on the Special Purpose Financial Statement, report on internal control, and report on compliance. We do not express an opinion on the summary or any information preceding our reports.

When preparing our report, we considered comments, feedback, and interpretations of CACI, the Office of the Special Inspector General for Afghanistan Reconstruction, and the U.S. Army provided both in writing and orally throughout the audit planning and fieldwork phases. Management's responses to the findings have been included as an appendix to the report and are followed by the auditor's rebuttal.

Thank you for providing us the opportunity to work with you and to conduct the financial audit of CACI's contract task orders.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bert Nuehring".

Bert Nuehring, CPA, Partner
Crowe Horwath LLP



www.crowehorwath.com

Summary

Background

CACI Technologies, Inc. ("CACI") entered into a cost-plus-fixed-fee contract under task order W15P7T-06-D-E402-0096 consisting of a one-year base period and two one-year option periods with the United States Army to provide system engineering technical assistance support to several offices within the United States Army ("Army"). Specifically, the task order was to provide support in the areas of logistics, supply staging/storage, property accountability/asset management, transportation, security, administrative, engineering, and program management. The task order was modified numerous times, resulting in, among other things, exercising the two option years, extending the period of performance, and establishing a ceiling amount of \$197,941,908. The period of performance began on September 20, 2010, and concluded on February 28, 2014.

The Army also entered in a cost-plus-fixed-fee contract with CACI under task order W15P7T-06-D-E402-0127 consisting of a one-year base period and a one-year option period to provide engineering, installation/integration, technology insertion and logistical support to the Quick Reaction and Battle Command Support Division. The task order was modified numerous times, resulting in, among other things, exercising the option year, extending the period of performance, and establishing a ceiling amount of \$230,709,846. The period of performance began on September 16, 2011, and concluded on September 15, 2014.

Both task orders were issued under CACI's indefinite delivery indefinite quantity contract with the Army dated March 2, 2006.

Within the audit period September 20, 2010, through April 30, 2014, CACI reported that a total of \$263,188,059 in costs incurred, inclusive of direct and indirect costs claimed under the two task orders for Afghanistan Reconstruction-related work only. Total revenues were reported as \$ [REDACTED] – an amount that includes the fixed fee amounts billed to the Government. The difference between the balance and the fixed fee amounts billed are due to pending adjustments to account for claimed rates versus provisional rates.

Work Performed

Crowe Horwath LLP ("Crowe") was engaged by the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") to conduct a financial audit of CACI's projects.

Objectives Defined by SIGAR

The following audit objectives were defined within the *Performance Work Statement for Financial Audits of Costs Incurred by Organizations Contracted by the U.S. Government for Reconstruction Activities in Afghanistan*:

Audit Objective 1 – Special Purpose Financial Statement

Express an opinion on whether CACI's Special Purpose Financial Statement for the awards presents fairly, in all material respects, 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 award and accounting principles generally accepted in the United States of America or other comprehensive basis of accounting.

Audit Objective 2 – Internal Controls

Evaluate and obtain a sufficient understanding of CACI's internal control related to the awards; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses.

Audit Objective 3 – Compliance

Perform tests to determine whether CACI complied, in all material respects, with the awards' requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations, including potential fraud or abuse that may have occurred.

Audit Objective 4 – Corrective Action on Prior Findings and Recommendations

Determine and report on whether CACI has taken adequate corrective action to address findings and recommendations from previous engagements that could have a material effect on the special purpose financial statement.

Scope

The scope of the audit included the period September 20, 2010 through April 30, 2014, inclusive of both task orders' periods of performance. The audit was limited to those matters and procedures pertinent to the contract task orders that have a direct and material effect on the Special Purpose Financial Statement ("SPFS") and that are related to Afghanistan Reconstruction. The audit also included an evaluation of the presentation, content, and underlying records of the SPFS. The audit included reviewing the financial records that support the SPFS to determine if there were material misstatements and if the SPFS was presented in the format required by SIGAR. In addition, the following areas were determined to be direct and material and, as a result, were included within the audit program for detailed evaluation:

- Allowable Costs;
- Allowable Activities;
- Cash Management;
- Equipment and Property Management; and
- Procurement;

Methodology

To meet the aforementioned objectives, Crowe completed a series of tests and procedures to audit the SPFS, tested compliance and considered the auditee's internal controls over compliance and financial reporting, and determined if adequate corrective action was taken in response to prior audit, assessment, and findings and review comments, as applicable.

For purposes of meeting Audit Objective 1 pertaining to the SPFS, transactions were selected from the financial records underlying the SPFS and were tested to determine if the transactions were recorded in accordance with the basis of accounting identified by the auditee; were incurred within the period covered by the SPFS and in alignment with specified cutoff dates; were charged to the appropriate budgetary accounts; and were adequately supported.

With regard to Audit Objective 2 pertaining to internal control, Crowe requested and the auditee provided copies of policies and procedures and verbally communicated those procedures that do not exist in written format to provide Crowe with an understanding of the system of internal control established by CACI. The system of internal control is intended to provide reasonable assurance of achieving reliable financial and performance reporting and compliance with applicable laws and regulations. Crowe corroborated internal controls identified by the auditee and conducted testing of select key controls to understand if they were implemented as designed.

Audit Objective 3 requires that tests be performed to obtain an understanding of the auditee's compliance with requirements applicable to the contract. Crowe identified – through review and evaluation of the contract task order and the primary indefinite quantity contract executed by and between CACI and the Army, the Federal Acquisition Regulation ("FAR"), and the Defense Federal Acquisition Regulation Supplement ("DFARS") – the criteria against which to test the SPFS and supporting financial records and

documentation. Using sampling techniques, Crowe selected expenditures, invoices submitted for payment, procurements, property and equipment dispositions, and subcontracts issued under the contract and corresponding costs incurred. Supporting documentation was provided by the auditee and subsequently evaluated to assess CACI's compliance. Testing of indirect costs was limited to determining whether indirect costs were calculated and charged to the U.S. Government in accordance with the negotiated forward pricing rate agreements, and if adjustments were made, as required and applicable.

Regarding Audit Objective 4, Crowe inquired of both CACI and Army Contracting Command and also performed a search for prior audits and reviews to obtain an understanding of the nature of audit reports and other assessments that were completed and the required corrective action. There were no prior audits that indicated required corrective action.

Due to the location and nature of the work performed under these task orders and certain vendors and individuals who supported the task orders still residing in Afghanistan, certain audit procedures were performed on-site in Afghanistan, as deemed necessary.

Summary of Results

Upon completion of Crowe's procedures, Crowe identified seven findings because they met one or more of the following criteria: (1) significant deficiencies in internal control, (2) material weaknesses in internal control, (3) noncompliance with rules, laws, regulations, or the terms and conditions of the contract task orders; and/or (4) questioned costs resulted from identified instances of noncompliance. Other matters that did not meet the criteria were communicated verbally to CACI.

Crowe disclaimed an opinion on the Special Purpose Financial Statement due to management's unwillingness to sign a management representation letter and an engagement letter as required by the auditing standards generally accepted in the United States of America, which are incorporated into *Government Auditing Standards*.

Crowe also reported on both CACI's compliance with the applicable laws, rules, regulations, and the terms and conditions of the contract and the internal controls over compliance and financial reporting. Five material weaknesses in internal control, two significant deficiencies in internal control, and four instances of noncompliance were reported. Where internal control and compliance findings pertained to the same matter, they were consolidated within a single finding. A total of \$192,708 in costs was questioned as presented in **TABLE A** on the following page.

Crowe also requested copies of prior audits, reviews, and evaluations pertinent to CACI's financial performance under the contract. Per communications with CACI and Army Contracting Command and a search for audits, reviews, and evaluations, no such reviews or assessments were identified pertaining to CACI's implementation of the project and that are direct and material to the Special Purpose Financial Statement. Crowe, therefore, did not conduct follow-up on corrective action pertaining to any such reports.

This summary is intended to present an overview of the results of procedures completed for the purposes described herein and is not intended to be a representation of the audit's results in their entirety.

TABLE A: Summary of Findings and Questioned Costs

Finding Number	Matter	Questioned Costs by Task Order		Cumulative Unique Questioned Costs
		0096	0127	
2014-01	Danger Pay	\$14,637	\$25,095	\$39,732
2014-02	Internal Control Monitoring	\$0	\$0	\$39,732
2014-03	Labor Cost Allocation	\$0	\$7,369	\$47,101
2014-04	Equipment and Property Records	\$1,152		\$48,253
2014-05	Unapproved Extended Work Week and Overtime Compensation	\$49,041	\$95,414	\$192,708
2014-06	Equipment and Property Inventories	\$0	\$0	\$192,708
2014-07	Labor Adjustments	\$0	\$0	\$192,708
Total Questioned Costs				\$192,708

Summary of Management Comments

CACI concurred with findings 2014-04 and 2014-06. Management did not concur with findings 2014-01, 2014-03, and 2014-05 due to additional documentation having been made available subsequent to issuance of the draft report, CACI's interpretation of the meaning of "basic compensation", and the company's position that the prior approval requirements pertaining to extended work weeks and/or overtime, included in the Task Orders were not applicable to work performed in theater. The Auditor's Rebuttal to the company's response to findings 2014-01, 2014-03 and 2014-05 can be found in Appendix B to this report. Management neither agreed nor disagreed with findings 2014-02 and 2014-07.

References to Appendices

The auditor's reports are supplemented by four appendices. Appendix A contains management's responses to the audit findings. Appendix B incorporates the auditor's rebuttal to management's comments. Within Appendices C and D are the exceptions and questioned costs per transaction and sampled items that pertain to audit findings 2014-01 and 2014-05.

INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

To the Board of Directors and Management of CACI Technologies, Inc.
1100 North Glebe Road
Arlington, Virginia 22201

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 were engaged to audit the Special Purpose Financial Statement ("the Statement") of CACI Technologies, Inc. ("CACI"), and related notes to the Statement, with respect to the System Engineering Technical Assistance Support for the Program Executive Office, Command, Control, Communications Technology ("PEO-C3T") Special Projects Office ("SPO") and Communications Electronics Research Development and Engineering Center ("CERDEC") Command and Control Directorate ("C2D") project funded by contract W15P7T-06-D-E402 task order number 0096 for the period September 20, 2010, through April 30, 2014 and the Engineering, Installation/Integration, Technology Insertion and Logistical Support to the Quick Reaction & Battle Command Support Division funded by contract W15P7T-06-D-E402 task order number 0127 for the period September 16, 2011, through April 30, 2014.

Management's Responsibility for the Special Purpose Financial Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the requirements specified by the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") in Appendix V of Solicitation 14-233-SOL-00148 ("the Contract"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Management was unwilling to represent to certain matters that are required components of management's responsibilities under *Government Auditing Standards* and auditing standards generally accepted in the United States of America and was also unwilling to sign an audit engagement letter.

In addition to the aforementioned items, certain matters of noncompliance were noted with regard to unapproved labor charges that resulted in a potentially material misstatement in the Statement. Further, we were unable to obtain sufficient appropriate audit evidence to determine if revenues reported by management on the Statement under the Afghanistan-specific components of contract task orders award were materially accurate. Accordingly, a modified opinion on the Statement would have been issued if a management representation letter and engagement letter had been executed by CACI.

Disclaimer of Opinion on the Special Purpose Financial Statement

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Special Purpose Financial Statement.

Basis of Presentation

We draw attention to Note 1 to the Statement, which describes the basis of presentation. The Statement was prepared by CACI in accordance with the requirements specified by the Office of the Special Inspector General for Afghanistan Reconstruction in Appendix V of the Contract and presents those expenditures as permitted, under the terms of contract task orders W15P7T-06-D-E402-0096 and W15P7T-06-D-E402-0127, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Contract referred to above.

Restriction on Use

This report is intended for the information of CACI Technologies, Inc., the United States Army, and the Office of the Special Inspector General for Afghanistan Reconstruction. 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued reports dated April 20, 2015, on our consideration of CACI's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CACI's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

April 20, 2015
Washington, D.C.

CACI Technologies, Inc.
Special Purpose Financial Statement
W15P7T-06-D-E402, Task Order No. 0096
W15P7T-06-D-E402, Task Order No. 0127
For the Period September 20, 2010 through April 30, 2014

	<u>Questioned Costs</u>				
	<u>Budget</u>	<u>Actual</u>	<u>Ineligible</u>	<u>Unsupported</u>	<u>Notes</u>
<i>Revenues</i>					
W15P7T-06-D-E402, TO #0096	\$	█	\$		5
W15P7T-06-D-E402, TO #0127		█			
Total Revenue	\$	█	\$		
<i>Costs Incurred</i>					
W15P7T-06-D-E402, TO #0096					6
Direct Costs	\$	128,985,184	\$	█	A, C, D
Indirect Costs			8,160,983	\$	
Subtotal - W15P7T-06-D-E402, TO #0096		128,985,184		50,193	
W15P7T-06-D-E402, TO #0127					
Direct Costs		157,684,442		25,095	A, B, D
Indirect Costs			6,275,759	102,783	
Subtotal - W15P7T-06-D-E402, TO #0127		157,684,442			
Total Costs Incurred	\$	286,669,626	\$	263,188,060	\$
			39,732	152,976	
Fixed Fee		█			10
Balance			\$	340,023	7

The accompanying notes to the Special Purpose Financial Statement are an integral part of this Statement. Budgeted amounts presented on this Statement reflect amounts authorized for activities throughout the full period of performance for each task order.

CACI Technologies, Inc.
Notes to the Special Purpose Financial Statement
For the Period September 20, 2010 through April 30, 2014

Note 1. Basis of Presentation

The accompanying Special Purpose Financial Statement (the "Statement") includes costs incurred under contract W15P7T-06-D-E402 task order number 0096 for the System Engineering Technical Assistance Support for the Program Executive Office, Command, Control, Communications Technology (PEO-C3T) Special Projects Office (SPO) and Communications Electronics Research Development and Engineering Center (CERDEC) Command and Control Directorate (C2D) project for the period September 20, 2010 through April 30, 2014 and task order number 0127 for the Engineering, Installation/Integration, Technology Insertion and logistical Support to the Quick Reaction & Battle command Support Division project for the period September 16, 2011 through April 30, 2014. Because the Statement presents only a selected portion of the operations of CACI Technologies, Inc. ("CACI") it is not intended to and does not present the financial position, changes in net assets, or cash flows of CACI. The information in this 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 aforementioned Federal contract task orders. Therefore, some amounts presented in this Statement may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Basis of Accounting

Expenditures reported on the Statement are reported in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, therefore, are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 48, Subpart 31.2 of the United States Code of Federal Regulations, which contains cost principles applicable to commercial organizations. In accordance with the aforementioned regulation, certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Scope of the Special Purpose Financial Statement

Contract task orders W15P7T-06-D-E402-0096 and W15P7T-06-D-E402-0127 included both work related to the reconstruction of Afghanistan and work that is not related to Afghanistan reconstruction. Amounts reported on the Special Purpose Financial Statement reflect the budgeted and actual costs per contract sub-line item number (SLIN). Therefore, amounts reported on the Statement may differ from those amounts reflected in other reports that incorporate all budgeted amounts, revenues, and costs incurred irrespective of location and function.

Note 4. Foreign Currency Conversion Method

For purposes of preparing the Statement, conversions from local currency to United States dollars were not required.

Note 5. Revenues

Revenues on the Statement represent the amount of funds to which CACI is entitled to receive from United States Central Command (CENTCOM) for allowable, eligible costs incurred under the contract task orders during the period of performance inclusive of the fixed fee invoiced to date by CACI.

(Continued)

Note 6. Costs Incurred by CLIN

The budgeted costs by Contract Line Item Number (CLIN) contained in the Special Purpose Financial Statement reflect the budgetary values contained in contract W15P7T-06-D-E402 task orders 0096 and 0127 as modified as of December 20, 2013, and April 28, 2014, respectively. The budgeted amounts reflect amounts authorized for activities throughout the full period of performance for each task order.

Expenses were incurred by functional category as follows:

Task Order Number 0096	
Direct Labor	\$ [REDACTED]
Equipment/Vendor	8,795
Other	5,000,476
Subcontractor/Consultant	99,137,589
Travel/Materials/Training	6,256,595
Total	<u>\$ [REDACTED]</u>
Task Order Number 0127	
Direct Labor	\$ [REDACTED]
Equipment/Vendor	10,846
Other	526,715
Subcontractor/Consultant	91,917,517
Travel/Materials/Training	27,401,980
Total	<u>\$ [REDACTED]</u>

Note 7. Balance

The Statement's \$340,023 balance is reflective of the difference generated using claimed versus billed rates. The indirect costs included in the SPFS were based on the most current claimed rates available at the time of audit:

- FY11 – Incurred Cost Submission (ICS) claimed rates as of 03/30/2012;
- FY12 – ICS resubmission claimed rates as of 03/31/2014;
- FY13 – ICS claimed rates as of 01/10/2014; and
- FY14 – YTD Actual Rates as of April 2014.

The actual rates included in bills through 04/30/2014 were based on the following:

- FY11 – originally billed using Revised Provisional Billing rates as of 08/29/2011 with a true-up billing in April 2013 using the ICS claimed rates as of 03/30/2012;
- FY12 – originally billed using Revised Provisional Billing rates as of 05/08/2012 with a true-up billing in April 2013 using the ICS original claimed rates as of 12/21/2012;
- FY13 – Revised Provisional Billing rates as of 7/31/2013 and 09/3/2013; and
- FY14 – Revised Provisional Billing rates as of 02/12/2014.

CACI will continue to have revisions to the balance until the awards are closed and the fixed fee amount is fully earned. Any unearned balance at the time task orders are closed out will then be returned to the government.

Note 8. Currency

All amounts presented are shown in United States dollars.

Note 9. Program Status

Work performed under task order 0096 has been completed. Work performed under task order 0127 is ongoing.

Note 10. Fixed Fee

Task orders 0096 and 0127 were both structured as cost plus fixed fee (CPFF) arrangements. Accordingly, CACI requested and obtained reimbursement for actual costs incurred and also earned a fee as per the agreements with the U.S. Government. The following table summarizes the fixed fee amounts authorized (funded fee as of 04/30/2014) under each task order, the amounts invoiced to date (through 04/30/2014), and the remaining fixed fee amounts to be billed.

Award Number	Authorized Fixed Fee	Fixed Fee Amount Invoiced to Date	Remaining Balance of the Fixed Fee to be Billed
W15P7T-06-D-E402-0096	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
W15P7T-06-D-E402--0127	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
TOTALS:	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Note 11. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to the September 20, 2010 through April 30, 2014, period of performance. Management has performed their analysis through April 20, 2015.

Notes to the Questioned Costs Presented on the Special Purpose Financial Statement¹

Note A. Danger Pay

Finding 2014-01 questioned \$39,732 as ineligible costs due to CACI's having charged a rate greater than 35 percent of base compensation for danger pay compensation. Of the \$39,732 in costs, \$14,637 pertains to task order 0096 and \$25,095 pertains to task order 0127.

Note B. Labor Cost Allocation

Finding 2014-03 questioned \$7,369 as ineligible costs resulting from labor costs having been misallocated to the award and labor costs having been charged to the award that was not paid to the employee and, therefore, is not allocable to the award. All \$7,369 in question pertain to task order 0127.

Note C. Equipment and Property Records

Finding 2014-04 questions \$1,152 as unsupported costs due to CACI's being unable to locate one asset and to demonstrate that it is currently being used for Federal purposes. All \$1,152 in question pertain to task order 0096.

Note D. Unapproved Extended Work Week and Overtime Compensation

Finding 2014-05 questioned \$144,455 as unsupported costs in extended work week and overtime costs due to there being a lack of evidence demonstrating that the Contracting Officer or Contracting Officer's Representative approved the extended work weeks and/or overtime compensation. Of the \$144,455, \$49,041 pertains to task order 0096 and \$95,414 pertains to task order 0127.

¹ Notes to the Questioned Costs are prepared by the auditor for purposes of this report. Management takes no responsibility for the notes to the questioned costs.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the President and Management of CACI Technologies, Inc.
1100 North Glebe Road
Arlington, Virginia 22201

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

We were engaged to audit, 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 ("the Statement") of CACI Technologies, Inc. ("CACI"), and related notes to the Statement, with respect to the System Engineering Technical Assistance Support for the Program Executive Office, Command, Control, Communications Technology (PEO-C3T) Special Projects Office (SPO) and Communications Electronics Research Development and Engineering Center (CERDEC) Command and Control Directorate (C2D) project funded by contract W15P7T-06-D-E402 task order number 0096 for the period September 20, 2010, through April 30, 2014 and the Engineering, Installation/Integration, Technology Insertion and Logistical Support to the Quick Reaction & Battle Command Support Division funded by contract W15P7T-06-D-E402 task order number 0127 for the period September 16, 2011 through April 30, 2014. We have issued our report thereon dated April 20, 2015, within which we disclaimed an opinion.

Internal Control over Financial Reporting

CACI's management is responsible for establishing and maintaining effective internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the contract; and transactions are recorded properly to permit the preparation of the Statement in conformity with the basis of presentation described in Note 1 to the Statement. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Statement for the period September 20, 2010 through April 30, 2014, we considered CACI's internal controls to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of CACI's internal control. Accordingly, we do not express an opinion on the effectiveness of CACI's internal control.

(Continued)

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. 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 Statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies noted in Findings 2014-01, 2014-02, 2014-04, 2014-05, and 2014-06 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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. We consider the deficiencies noted in Findings 2014-03 and 2014-07 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

CACI's Response to Findings

CACI's response was not subject 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 CACI, the United States Army, and the Office of the Special Inspector General for Afghanistan Reconstruction. 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.



Crowe Horwath LLP

April 20, 2015
Washington, D.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the President and Management of CACI Technologies, Inc.
1100 North Glebe Road
Arlington, Virginia 22201

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

We were engaged to audit, 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 of the United States, the Special Purpose Financial Statement ("the Statement") of CACI Technologies, Inc. ("CACI"), and related notes to the Statement, with respect to the System Engineering Technical Assistance Support for the Program Executive Office, Command, Control, Communications Technology (PEO-C3T) Special Projects Office (SPO) and Communications Electronics Research Development and Engineering Center (CERDEC) Command and Control Directorate (C2D) project funded by contract W15P7T-06-D-E402 task order number 0096 for the period September 20, 2010, through April 30, 2014 and the Engineering, Installation/Integration, Technology Insertion and Logistical Support to the Quick Reaction & Battle Command Support Division funded by contract W15P7T-06-D-E402 task order number 0127 for the period September 16, 2011 through April 30, 2014. We have issued our report thereon dated April 20, 2015, within which we disclaimed an opinion.

Management's Responsibility for Compliance

Compliance with Federal rules, laws, regulations, and the terms and conditions applicable to the contract is the responsibility of the management of CACI.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and contracts, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Findings 2014-01, 2014-03, 2014-04, and 2014-05 in the accompanying Schedule of Findings and Questioned Costs.

CACI Technologies, Inc.'s Response to Findings

CACI'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 compliance. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended for the information of CACI, the United States Army, and the Office of the Special Inspector General for Afghanistan Reconstruction. 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.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, slightly slanted style.

Crowe Horwath LLP

April 20, 2015
Washington, D.C.

SECTION I: SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding 2014-01: Danger Pay (Task Order (TO) 0096 and TO 0127)

Material Weakness and Non-Compliance

Criteria: Per Chapter 650 of the Department of State Standardized Regulations (DSSR), “Danger Pay Allowance” is defined as “the additional compensation of up to 35% over basic compensation granted to employees for service at designated danger pay posts.”

DSSR 040 defines “Basic Compensation” as: “the rate of compensation fixed: (1) by statute for the position held by an employee; or (2) by administrative action pursuant to law; or (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.

Condition: Under task order 0096, we identified twenty-one (21) instances out of thirty-four (34) labor transactions tested in which CACI charged the Government for danger pay that exceeded 35 percent of basic compensation for the pay period. The 35 percent danger pay allowance for Afghanistan was imposed by the U.S. Department of State.

Similarly, during testing of 54 labor transactions recorded to task order 0127, we identified forty (40) transactions in which CACI charged greater than 35 percent of the employee’s basic compensation for the pay period.

Overall, there was \$3,142,002 in danger pay charges for task order 0096, and \$2,991,029 in danger pay allowance costs charged to task order 0127.

In addition, the danger pay charges were based on danger pay rates having been assessed against both basic compensation and overtime/extended work week compensation, which conflicts with the Department of State’s Standardized Regulations governing allowances. The regulations indicate that danger pay may only be applied to basic compensation, which excludes overtime pay and other incentive, allowance, and additional compensation.

See **Appendix C** of this report for the listing of overcharges.

Questioned costs: \$39,732, including \$14,637 for task order 0096 and \$25,095 for task order 0127.

Effect: CACI may have overcharged the Government for allowance costs. Overcharges may exceed those identified within the testing procedure.

Cause: Per discussion with CACI, CACI considers basic compensation to be re-established at the time extended work week hours are approved such that the danger pay rate is being assessed against a revised basic compensation level. CACI reported that the Company caps the 35 percent allowance using total annual compensation rather than compensation per pay period as the base of application such that total danger pay for the year would not exceed 35 percent.

Recommendation: We recommend that CACI reimburse the Government \$39,732, for the questioned costs. We further recommend that CACI modify its payroll policies and procedures to ensure that danger pay does not exceed 35% of basic compensation; which excludes allowances, differentials, and overtime.

(Continued)

Finding 2014-02: Internal Control: Monitoring over Billing and Procurement Activities (TO 0127 and TO 0096)

Material Weakness

Criteria: Per CACI's Procurement Policy Manual, Procedure No. CACI-0115, CACI's Government Compliance Office or designee performs a procurement system review on a no less than annual basis.

CACI's Revenue and Billing policy states:

"Each month, a sample of ten invoices over \$100,000 is selected by the Vice President of Contract Accounting or her designee for a post submission review. The sample is selected from the General Ledger data of all invoices issued in the prior month. The VP of Contract Accounting signs the Post Invoice Checklist as evidence of review."

Condition:

CACI did not produce evidence demonstrating that the Government Compliance Office (or its designee) performed an annual procurement system review. The purpose of the review is to ensure that "the Procurement Department is in compliance with:

- Public law, executive orders, statutory and regulatory requirements,
- Federal procurement regulations,
- CACI policies and procedures and requirements, and
- Sound procurement practices."

CACI did not provide evidence of the Vice President of Contract Accounting's sampling and review of invoices to the United States Government. The periodic review process is intended to detect and correct errors in billings that may go undetected during the regular billing procedure.

Questioned costs: None

Effect: The likelihood of billing and procurement errors not being detected and corrected in a timely manner is increased and changes to procurement requirements may not be appropriately updated in the procurement system without periodic reviews.

Cause: The Government Compliance Officer was unaware of the requirement to perform the annual procurement system review.

With regard to the billing process, CACI stated that the Vice President of Contract Accounting's monthly review of invoices was performed, but evidence was not retained.

Recommendation: We recommend that CACI develop a timeline and plan for implementation of the annual procurement review, as addressed in their policy manual. We further recommend that CACI retain documentation that demonstrates the completion of the Post Invoice Checklists.

(Continued)

Finding 2014-03: Labor Cost Allocation (TO 0127)

Significant Deficiency and Non-Compliance

Criteria: The Federal Acquisition Regulation (FAR) on contract cost principles and procedures state:

FAR 31.201–2 Determining allowability.

(a) A cost is allowable only when the cost complies with all of the following requirements:

- (1) Reasonableness.
- (2) Allocability.
- (3) Standards promulgated by the CAS Board, if applicable, otherwise, generally accepted accounting principles and practices appropriate to the circumstances.
- (4) Terms of the contract.
- (5) Any limitations set forth in this subpart.

FAR 31.201–4 Determining allocability.

A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it—

- (a) Is incurred specifically for the contract;
- (b) Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
- (c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

Condition: During testing of labor transactions, we identified one employee whose payroll records did not agree to the amount recorded in the general ledger and charged to the task order. Employee C's payroll record for the pay period ending November 15, 2012, indicated that the individual was paid \$4,878 while the general ledger reflected \$10,927. The difference of \$6,049 is not allocable to the TO and is questioned.

In addition, \$1,320 in overtime was charged for Employee D per review of the general ledger for time sheet date November 30, 2013. However, there were no corresponding hours entries within the general ledger indicating that time was worked on the project during the period that overtime was charged. All other overtime entries for the employee had corresponding regular hours and labor entries.

Questioned costs: \$7,369 pertaining to task order 0127.

Effect: The Government may have funded activities that did not directly benefit its goals and objectives or Afghanistan reconstruction or otherwise have supplemented other projects by paying greater than the applicable share of costs.

Cause: Per discussion with the CACI Government Compliance Officer, there may be an error in the timesheets as he understood that the individuals worked full-time on the task order projects.

Recommendation: We recommend that CACI complete the following actions:

- 1) Conduct additional research and identify what activities Employees C and D were engaged in during the applicable working months and produce evidence of the work performed; and
- 2) Locate additional supporting documentation (including time records) to demonstrate that the correct amount of costs were charged to the award and provide the documentation to the Government for review.

Alternatively, CACI should reimburse the Government for the \$7,369 in unallowable costs.

(Continued)

Finding 2014-04: Equipment and Property Records (TO 0127 and TO 0096)

Material Weakness and Non-Compliance

Criteria: Per Section 3.0 of CACI's CENTCOM-CN Property Management procedures, *Receiving Government Property*, every item of government property received is documented, inspected as required, and information distributed as prescribed in [the] procedure. The receiver completes a receiving report and forwards it to Accounts Payable.

FAR 52.245-1, Government Property, states:

(b) *Property management.*

(1) The Contractor shall have a system to manage (control, use, preserve, protect, repair and maintain) Government property in its possession. The system shall be adequate to satisfy the requirements of this clause. In doing so, the Contractor shall initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective control of Government property, consistent with voluntary consensus standards and/or industry-leading practices and standards for Government property management except where inconsistent with law or regulation. During the period of performance, the Contractor shall disclose any significant changes to their property management system to the Property Administrator prior to implementation.

(2) The Contractor's responsibility extends from the initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, disposition, or via a completed investigation, evaluation, and final determination for lost, damaged, destroyed, or stolen property. This requirement applies to all Government property under the Contractor's accountability, stewardship, possession or control, including its vendors or subcontractors (see paragraph (f) (1) (v) of this clause).

Condition: CACI indicated that all property purchased under TO 0096 and TO 0127 were shipped directly to the Government. We requested completed DD250 'Material Inspection and Receiving Reports' as evidence of the transfer of 25 items. In one instance, CACI did not provide a DD250 form as the item is still in CACI's possession, and the company is working to locate the item. The item is a CISCO 2911 w/3 GE4 EHWIC2 DSP1 165146 with a purchase price of \$1,152.

Further, we selected a sample of twenty-five (25) government furnished equipment items and tested to determine if the 'receiver' completed a receiving report as required under CACI policy. CACI provided DA 3161 forms for twenty (20) of twenty-five (25) sample items. DA 3161 forms show evidence of equipment items receipt issued by the Government and received by CACI. The DA 3161 Forms provided were dated November 2014 whereas the inventories from which the sample was selected were dated July 2014. CACI also provided documentation for three of the remaining five items demonstrating that the items had been provided to CACI by the Government and were subsequently returned. Evidence of receipt for the remaining two items was not provided.

Questioned costs: \$1,152 pertaining to task order 0096.

Effect: The Government may have funded the purchase of an asset that is no longer being used for Federal project purposes. In addition, for items purchased by CACI and for which reimbursement was received from the Government, costs may have been recorded prior to the items having been received and the associated costs being considered reimbursable.

Cause: CACI lost track of the asset during an office re-location and has been unable to locate the item. It is unclear why the receiving documents were not completed at the time of the items' having been received.

Recommendation: We recommend that CACI either locate and return the asset to the Government or remit payment of \$1,152 to the Government. We further recommend that CACI issue a written reminder to

(Continued)

in-country property managers that addresses the requirements for completion and retention of receiving records.

(Continued)

Finding 2014-05: Unapproved Extended Work Week and Overtime Compensation (TO 0096 and TO 0127)

Material Weakness and Non-Compliance

Criteria: According to Section H-25 of CACI's Indefinite Delivery Indefinite Quantity contract, the contractor, CACI, must obtain Contracting Officer approval of overtime charges. Section H-25 states the following:

1. Work within the Continental limits of the United States and its possessions shall not normally exceed eight (8) hours per day or forty (40) hours per normal work week. Work hours [outside of the continental United States] shall correspond to hours worked by comparable Government personnel, provided a maximum of 40 per work week is not exceeded.
2. All overtime must be approved in advance by the issuing Contracting Officer. Overtime will be paid at one and a half times the base labor rates on contract for such overtime worked:
 - a. In excess of forty (40) hours per week
 - b. Emergency overtime in case of extreme emergency, where delay would endanger accomplishment of essential theatre missions, the contracting officer may authorize overtime.

Per 48 CFR Subpart 31.201-2(a), "A cost is allowable only when the cost complies with all of the following requirements:

- (1) Reasonableness.
- (2) Allocability.
- (3) Standards promulgated by the CAS Board, if applicable, otherwise, generally accepted accounting principles and practices appropriate to the circumstances;
- (4) Terms of the contract.
- (5) Any limitations set forth in this subpart."

Condition: We tested a sample of 25 overtime charges billed prior to approval of Modification #15, authorized up to 84 overtime hours per week for employees stationed in Afghanistan. CACI did not provide evidence of Contracting Officer approval of an extended work week (EWW) or overtime charges for any of the charges sampled. \$48,568 is questioned for task order 0096 in respect to this matter. A total of \$231,273 in overtime and EWW costs were recorded prior to the April 8, 2011, date of the amended Performance Work Statement adopted as a component of modification #15. \$51,190 of the \$231,273 was tested.

We also tested nine standard labor transactions for task order 0096 – seven of which contained overtime charges that were billed to the Government. For one employee who charged time for an extended work week after implementation of Modification #15, the costs recorded to the contract account exceeded the EWW or the employee's base hourly multiplied by the number of hours worked. This was not approved. \$473 is questioned with respect to this matter.

With respect to task order 0127, during testing of 54 labor transactions, we identified 45 instances in which overtime or extended work week compensation was charged to the Government and was either a) unapproved by the Contracting Officer or Contracting Officer Representative or b) exceeded the approved additional hours. CACI provided a series of documents requesting approvals for extended work weeks and overtime throughout the period of performance; however, evidence of approval was not provided for certain individuals and hours worked. \$95,414 is questioned with respect to this matter. A total of \$1,558,401 in overtime and EWW costs were recorded during the audit period

Per communications with CACI and the current Contracting Officer, extended work weeks were expected under both task orders for the entire period of performance. However, during review of the IDIQ and task order 0127 as well as correspondence with the Army, the IDIQ and task order 0127 did not modify the requirement. Modification #15 under task order 0096, had an effective date of August 8, 2011. With approval of the aforementioned modification #15, extended work weeks of 96 hours were authorized per approval of the modified Performance Work Statement.

(Continued)

See **Appendix D** of this report.

Questioned costs: \$144,455, including \$49,041 under task order 0096 and \$95,414 under task order 0127.

Effect: The Government may have funded labor costs that were unreasonable or unnecessary.

Cause: CACI's Government Compliance Officer stated that they understood extended work weeks to have been pre-approved as a component of the proposal process and, therefore, did not consider any additional approval to be necessary. In addition, based on communications with the current Contracting Officer, extended work weeks were expected to occur.

Recommendation: We recommend that CACI either provide the document showing advance written approval from the Contracting Officer for the extended work weeks and the overtime charges incurred during the audit period or reimburse the Government \$144,455. We further recommend that CACI develop procedures to ensure Contracting Officer approval has been obtained prior to employees incurring overtime hours.

(Continued)

Finding 2014-06: Equipment and Property Inventories (TO 0096 and 0127)

Material Weakness

Criteria: According to Section 8.0, Subsection 1 of CACI's CENTCOM-CN Property Management manual, CACI is required to conduct an annual physical inventory of all government property in CACI's possession. Per inquiry, CACI modified the procedure to conduct monthly inventories due to the nature of the items in its possession (e.g., weapons, body armor, and vehicles).

According to Section 10.0, Subsections 10 and 11 of CACI's Property Management manual, the CACI Corporate Government Property Administrator ("CGPA") is required to review and sign the physical inventory record.

Condition: We selected a sample of sixteen (16) monthly inventories and tested to determine 1) if the inventories were being performed; 2) if the inventory was complete and included all government property items (e.g., cell phones, office equipment, weapons, vehicles, and body armor); and 3) if the CGPA reviewed and signed each inventory. CACI provided documentation of all monthly inventories sampled except for the February 2011 inventory. Of the inventories provided, seven were incomplete. During our physical inspection of 21 property items located in Afghanistan, we did not identify any missing items.

A summary of the omissions follows, per our review:

Sample Item	Month	Year	Omitted Equipment and Property Items
1	December	2010	Weapons and body armor
2	February	2011	All items - no equipment inventory provided
4	June	2011	Weapons and vehicles
5	July	2011	Office equipment, weapons, vehicles, and cell phones
6	August	2011	Weapons and vehicles
7	February	2012	Weapons, vehicles
8	May	2012	Weapons, vehicles, and body armor
9	July	2012	Weapons

For each monthly inventory in the sample, we requested evidence that the Corporate Government Property Administrator (CGPA) reviewed and approved the equipment inventory. In sixteen (16) of sixteen (16) sampled inventories, CACI did not provide evidence of equipment inventory review and approval by the CGPA.

Questioned costs: None

Effect: The likelihood that items purchased by CACI or provided by the Government to CACI for purposes of administering the projects may have been utilized for non-project purposes or may have been damaged or missing without CACI's knowledge is increased.

Cause: CACI's Senior Program Manager stated that the records and emails showing approval are stored on hard drives of former employees. As a result of the time that has passed and the wear and tear on old computers, CACI has not been able to locate all information requested.

Recommendation: We recommend that CACI issue an instruction to project team members requiring that property and equipment management-related documents be retained in a central project document repository through the conclusion of the applicable records retention period. We further recommend that CACI issue a written reminder to those individuals responsible for equipment and property inventories

(Continued)

specifying both the frequency at which inventories are required to be completed and the required components of the inventories.

(Continued)

Finding 2014-07: Labor Charge Adjustments and Allocations Across Multiple Awards (TO 0127)

Significant Deficiency

Criteria: CACI's timekeeping policy requires that each CACI employee prepare and submit a signed timecard to their manager for review, approval, and submission to the Accounting Department. In addition, employees must accurately record time and maintain their timecard records on a daily basis.

The Federal Acquisition Regulation (FAR) on contract cost principles and procedures state:

FAR 31.201-4 Determining allocability.

A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it—

- (a) Is incurred specifically for the contract;
- (b) Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
- (c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

Condition: During our procedures, we identified two employees who appeared to have charged TO 0127 for unreasonable amounts of hours and costs. Specifically, Employee C recorded 424 hours to task order 0127 on timesheet date October 13, 2012. Employee D recorded 394 hours on timesheet date October 12, 2012. The issue pertained to time allocation errors not having been detected as opposed to extended work week or overtime issues, as referenced in prior findings.

Upon review of additional supporting documentation, we noted that there were a series of adjustments that transferred costs between TO 0127 and TO 0096. Ultimately, the costs were not questioned as the final charges were supported by timesheets. However, the misallocations by project were not detected at the time of the initial entries and reversals for charges to TO 0127 were recorded against the incorrect TO (0096). For Employee C, \$35,394 was charged to TO 0127 and the corresponding amount was credited to TO 0096. For Employee D, \$29,395 was charged to TO 0127 and \$23,311 was credited to TO 0096. All amounts are per CACI's general ledger detail.

Questioned costs: None

Effect: By transferring charges between TO without clearly documenting the nature of the work and the appropriate receiving award, CACI risks misallocating costs by TO. A misallocation of costs by task order may result in costs being considered unallowable under the FAR commercial entity cost principles and procedures.

Cause: CACI indicated that, during the timeframe that the two task orders overlapped, CACI would, at the request of the Government, move personnel between each task and, therefore, sometimes revise timecards. The activity was based on disbursements.

Recommendation: We recommend that the Accounting Department document the rationale and justification for each labor adjustment. If labor adjustments are made in response to a Government request, then documentation of Government request should be retained.

(Continued)

SECTION 2: Summary Schedule of Prior Audit, Review, and Assessment Findings

Per discussion with CACI Technologies, Inc. and the United States Army Contracting Command, no prior audits, reviews, or assessments pertaining to the two task orders under audit were conducted. Therefore, Crowe Horwath did not conduct procedures specific to identifying and evaluating whether CACI adequately implemented corrective action as pertaining to prior findings and observations.

APPENDIX A: Views of Responsible Officials



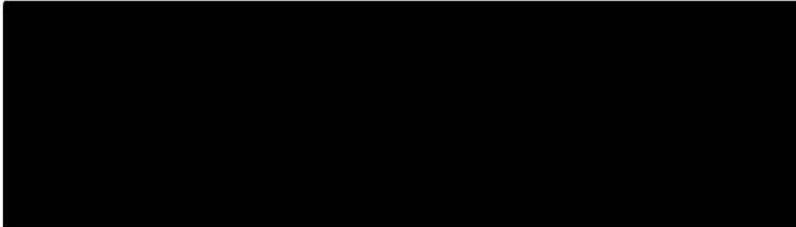
April 17, 2015

Crowe Horwath LLP
1325 G Street St. NW, Suite 500
Washington D.C. 20005-3136

Attached please find CACI's responses to the findings and recommendations contained in your report titled "CACI Technologies, Inc., Special Purpose Financial Statement For the Period September 20, 2010 through April 30, 2014 (With Independent Auditor's Report Thereon)" dated December 19, 2014, and received by CACI on March 25, 2015.

We have included the findings and recommendations as stated in your report in this response to ensure the record is clear on exactly to what CACI is responding.

We appreciate the professionalism in which your audit was conducted and the opportunity to respond, and would be happy to answer any questions you may have.



ATTACHMENT – CACI’s Response to Crowe Horwath’s Findings and Recommendations

Finding 2014-01: Danger Pay (Task Order (TO) 0096 and TO 0127)

Material Weakness and Non-Compliance

Criteria: Per Chapter 650 of the Department of State Standardized Regulations (DSSR), “Danger Pay Allowance” is defined as “the additional compensation of up to 35% over basic compensation granted to employees for service at designated danger pay posts.”

DSSR 040 defines “Basic Compensation” as: “the rate of compensation fixed: (1) by statute for the position held by an employee; or (2) by administrative action pursuant to law; or (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.

Condition: Under task order 0096, we identified twenty-one (21) instances out of thirty-four (34) labor transactions tested in which CACI charged the Government for danger pay that exceeded 35 percent of basic compensation for the pay period. The 35 percent danger pay allowance for Afghanistan was imposed by the U.S. Department of State.

Similarly, during testing of 54 labor transactions recorded to task order 0127, we identified forty (40) transactions in which CACI charged greater than 35 percent of the employee’s basic compensation for the pay period.

Overall, there was \$3,142,002 in danger pay charges for task order 0096, and \$2,991,029 in danger pay allowance costs charged to task order 0127.

In addition, the danger pay charges were based on danger pay rates having been assessed against both basic compensation and overtime/extended work week compensation, which conflicts with the Department of State’s Standardized Regulations governing allowances. The regulations indicate that danger pay may only be applied to basic compensation, which excludes overtime pay and other incentive, allowance, and additional compensation.

See **Appendix C** of this report for the listing of overcharges.

Questioned costs: \$39,732, including \$14,637 for task order 0096 and \$25,095 for task order 0127.

Effect: CACI may have overcharged the Government for allowance costs. Overcharges may exceed those identified within the testing procedure.

Cause: Per discussion with CACI, CACI considers basic compensation to be re-established at the time extended work week hours are approved such that the danger pay rate is being assessed against a revised basic compensation level. CACI reported that the Company caps the 35 percent allowance using total annual compensation rather than compensation per pay period as the base of application such that total danger pay for the year would not exceed 35 percent.

Recommendation: We recommend that CACI reimburse the Government \$39,732, for the questioned costs. We further recommend that CACI modify its payroll policies and procedures to ensure that danger pay does not exceed 35% of basic compensation; which excludes allowances, differentials, and overtime.

CACI's Response:

CACI does not concur with the auditor's finding and recommendations. It was reasonable for CACI to pay its employees danger pay over their basic compensation for their extended workweek hours.

The Performance Work Statement for the IDIQ provides for the following (emphasis added):

5.6 HAZARDOUS DUTY/ISOLATION PAY

In the event the Contractors must pay additional compensation to retain or obtain personnel to perform in a hazardous location, the Contractor shall be entitled to equitable compensation at rates set in accordance with State Department Guidelines. If the need to pay the hazardous duty premium is discovered, the Contractor shall promptly notify the Government and request an equitable adjustment in price.

Similarly, the Performance Work Statement for Task Order 0096 dated April 8, 2011 made clear that employees could receive danger pay, and it was to be billed on a per hour basis (emphasis added):

8.4 Allowable cost and Reimbursable: To accommodate the additional cost and inherent risk associated with deployment status, additional premiums for hardship and hazardous duty are authorized, to be billed as 'other direct costs' on a per hour basis. The differentials paid will be IAW the Department of State guidelines for countries within the requested geographical areas.

As the auditor points out, per the State Department Guidelines, danger pay may be paid "up to 35% over basic compensation" and "basic compensation" excludes "overtime pay."

As to overtime pay, section 3 FAM 123.17-4(D) Premium Pay, of the U.S. Department of State Foreign Affairs Manual Volume 3, Personnel provides that (emphasis added):

Overtime: Work performed by an employee (full-time or part-time) in excess of 8 hours in a day or 40 hours **in a regularly scheduled administrative workweek.**

*Employees **must receive premium pay or compensatory time off**, as appropriate, for ordered overtime, Sunday, holiday and night work.*

The IDIQ provides that (emphasis added):

H-25 Hours of Work and Overtime

1. Work within the Continental limits of the United States and its possessions **shall not normally** exceed eight (8) hours per day or forty (40) hours per normal work week. Work hours [outside of the continental United States] shall correspond to hours worked by comparable Government personnel, provided a maximum of 40 per work week is not exceeded.

2. All overtime must be approved in advance by the issuing Contracting Officer. **Overtime will be paid at one and a half times the base labor rates on contract for such overtime worked:**

a. In excess of forty (40) hours per week

b. Emergency overtime in case of extreme emergency, where delay would endanger accomplishment of essential theatre missions, the contracting officer may authorize overtime.

Here, CACI employees were required to work extended workweeks. In the Army's solicitation for Task Order 0096, the Army specified a level of effort per OCONUS employee of 4,032 hours annually per employee, equating to forty-eight, 84 hour workweeks. Likewise, the Army's solicitation for Task Order 0127 specified a level of effort per OCONUS employee of 3,456 hours annually, equating to forty-eight, 72 hour workweeks. Further, in pertinent part, the Performance Work Statement for Task Order 0096 states the following (emphasis added):

*8.3 Tour of Duty/Hours of Work. The individual's tour of duty will be defined by the government at the time of deployment notification. Hours of work are the hours worked during the normal workday. **The normal workday, when deployed, will be 12 hours per day, seven days per week, or other durations depending on the operational needs.** The contractor may rotate qualified replacement contractor personnel into the location when an individual's tour of duty has been satisfied.*

The Army's requirement for extended workweeks was confirmed by the Contracting Officer. The auditor acknowledges that the current Contracting Officer made it clear that "extended workweeks were expected under **both** task orders for the **entire** period of performance." (Emphasis added.) CACI employees were thus required to work more than 40 hours per week.

CACI paid these employees on an hourly basis, in a manner consistent with section 4 FAH-3 H-532.1, U.S. Citizen Employees Basic Pay, of the U.S. Department of State Foreign Affairs Manual, Volume 4, Handbook 3, Financial Management Procedures Handbook (emphasis added).

*For the computation of pay, U.S. citizen employees are considered to be employed on an annual basis consisting of a 52-week work year of 40 hours each. **Whenever it is necessary to convert an annual rate of basic pay to a basic hourly, daily, weekly, or biweekly rate, the following rules apply:(1) The hourly rate is derived by dividing the annual rate of basic pay by 2087. Compute to the nearest cent, counting one-half cent and over as the next higher cent;**"*

As noted in our response below to Finding 2014-05, none of these employees received overtime compensation—meaning pay at a rate of time and one-half—as required by the IDIQ contract for overtime work. None received compensatory time-off. Rather, the employees received straight-time pay for the entirety of their extended workweeks. The extended workweeks were the base period of compensation for these employees. The hourly rate method thus accomplished the task of providing these employee with basic pay commensurate with their required extended workweeks, as reported by the employees via their time reporting, and as reviewed and approved by their supervisors. To the extent that CACI labeled any hours or pay as "overtime," it was purely a label for administrative convenience.

Section 5.6 of the IDIQ Performance Work Statement, in turn, permitted CACI to pay these employees danger pay. See also 8.4 (PWS Task Order 0096) (same). Consistent with the contract terms, CACI reasonably added danger pay, in accordance with the State Department's rates, to the employees' basic compensation for their extended workweek hours. Because Task Order 0127 was a follow-on to Task Order 0096, it was reasonable for CACI to treat Task Order 0127 similarly to Task Order 0096.

All were well-qualified employees. They were required to work extended hours in a dangerous location. In order to attract and retain such employees, it was reasonable for CACI to pay them danger pay over their basic compensation for their extended workweek hours.

CACI does not concur with the auditor's findings and recommendations because danger pay was paid on the respective employees basic pay as defined by contractual workload requirements in a manner consistent with the terms of the contract and U.S. Department of State regulations, guidelines, and procedures.

Finding 2014-02: Internal Control: Monitoring over Billing and Procurement Activities (TO 0127 and TO 0096)

Material Weakness

Criteria: Per CACI's Procurement Policy Manual, Procedure No. CACI-0115, CACI's Government Compliance Office or designee performs a procurement system review on a no less than annual basis.

CACI's Revenue and Billing policy states:

"Each month, a sample of ten invoices over \$100,000 is selected by the Vice President of Contract Accounting or her designee for a post submission review. The sample is selected from the General Ledger data of all invoices issued in the prior month. The VP of Contract Accounting signs the Post Invoice Checklist as evidence of review."

Condition:

CACI did not produce evidence demonstrating that the Government Compliance Office (or its designee) performed an annual procurement system review. The purpose of the review is to ensure that "the Procurement Department is in compliance with:

- Public law, executive orders, statutory and regulatory requirements,
- Federal procurement regulations,
- CACI policies and procedures and requirements, and
- Sound procurement practices."

CACI did not provide evidence of the Vice President of Contract Accounting's sampling and review of invoices to the United States Government. The periodic review process is intended to detect and correct errors in billings that may go undetected during the regular billing procedure.

Questioned costs: None

Effect: The likelihood of billing and procurement errors not being detected and corrected in a timely manner is increased and changes to procurement requirements may not be appropriately updated in the procurement system without periodic reviews.

Cause: The Government Compliance Officer was unaware of the requirement to perform the annual procurement system review.

With regard to the billing process, CACI stated that the Vice President of Contract Accounting's monthly review of invoices was performed, but evidence was not retained.

Recommendation: We recommend that CACI develop a timeline and plan for implementation of the annual procurement review, as addressed in their policy manual. We further recommend that CACI retain documentation that demonstrates the completion of the Post Invoice Checklists.

CACI's Response:

It is uncertain how the annual procurement system review requirement was placed in our Procurement Policy Manual.

CACI's Internal Audit function periodically examines controls associated with the company's procurement system in a manner similar to how the Defense Contract Management Agency (DCMA) audits the same. Frequency and scope are determined based on evaluation of risks and other factors.

Our Procurement Policy Manual has been updated to reflect the review being periodic in nature, with no set frequency being stated.

It should be noted that CACI's procurement system is currently in a DCMA approved state. The DCMA is currently nearing completion of a Contractor Purchasing System Review (CPSR) of our purchasing system; we expect their final report to be issued within the next month or two. Based upon preliminary results shared with us at a review out-brief meeting held on March 26, 2015; it appears our purchasing system will remain in a DCMA approved state for several years to come.

While the auditors did not cite their reference for their finding and recommendation regarding lack of evidence of regular performance of reviews of samples of customer invoices by our Vice President of Contract Accounting, we are very familiar with this control procedure, as it is part of internal controls over financial reporting, designed to meet our obligations under the Sarbanes-Oxley Act. CACI's Internal Audit function audits the effectiveness of these controls, including this one, on an annual basis, and the results of its audits of this control have been very favorable. We are comfortable both with the control, our testing thereof, and the length of retention of original evidence by the control owner, but will consider expanding retention requirements to meet the purpose of audits such as this.

Finding 2014-03: Labor Cost Allocation (TO 0127)

Significant Deficiency and Non-Compliance

Criteria: The Federal Acquisition Regulation (FAR) on contract cost principles and procedures state:

FAR 31.201–2 Determining allowability.

(a) A cost is allowable only when the cost complies with all of the following requirements:

- (1) Reasonableness.
- (2) Allocability.
- (3) Standards promulgated by the CAS Board, if applicable, otherwise, generally accepted accounting principles and practices appropriate to the circumstances.
- (4) Terms of the contract.
- (5) Any limitations set forth in this subpart.

FAR 31.201–4 Determining allocability.

A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it—

- (a) Is incurred specifically for the contract;
- (b) Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
- (c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

Condition: Two employees worked less than 100 percent of their time on task order 0127; however, 100 percent of their compensation was charged to the award thus resulting in a misallocation of charges. See the table below for the applicable transactions.

Sample #	Employee	Regular Pay Amount	Amount Charged to TO 0127	% of Time Worked on TO 0127	Allowable Amount Based on % of Time Worked	Unallowable Amount
0127-41	A	\$ 3,349	\$ 3,349	90%	\$ 3,014	\$ 335
0127-51	B	\$ 1,945	\$ 1,945	58%	\$ 1,128	\$ 817
TOTAL UNALLOWABLE AMOUNT CHARGED to TO 0127						\$ 1,152

In another instance, the payroll records did not reconcile to amount in the general ledger. Employee C's payroll record for the pay period ending November 15, 2012, indicated that the individual was paid \$4,878 while the general ledger reflected \$10,927. The difference of \$6,049 is not allocable to the TO and are questioned.

Lastly, \$1,320 in overtime was charged for Employee D per review of the general ledger for time sheet date November 30, 2013. However, there were no corresponding hours entries within the general ledger indicating that time was worked on the project during the period that overtime was charged. All other overtime entries for the employee had corresponding regular hours and labor entries.

Questioned costs: \$8,521 pertaining to task order 0127.

Effect: The Government may have funded activities that did not directly benefit its goals and objectives or Afghanistan reconstruction or otherwise have supplemented other projects by paying greater than the applicable share of costs.

Cause: Per discussion with the CACI Government Compliance Officer, there may be an error in the timesheets as he understood that the individuals worked full-time on the task order projects.

Recommendation: We recommend that CACI complete the following actions:

- 1) Conduct additional research and identify what activities Employees A, B, C, and D were engaged in during the applicable working months and produce evidence of the work performed;
- 2) If the review results in an identification that 100 percent of the time worked for Employees A and B pertained to task order 0127, then the supporting documentation should be provided to the Government to evidence the allowability and allocability of the costs incurred;
- 3) With respect to Employees C and D, locate additional supporting documentation (including time records) to demonstrate that the correct amount of costs were charged to the award.

Alternatively, CACI should reimburse the Government for the \$8,521 in unallowable costs.

CACI's response:

Since the draft report was provided to us on March 25, 2015, we believe we have provide the auditor with sufficient evidence and explanation to clear their findings and recommendations associated with employees "A" and "B".

The auditor's assertions on employee "C" are incorrect. The employee was paid \$4,878.13 twice in November 2012, consistent with our pay schedules. The rounded amount of \$10,926.53 cited by the auditor only reflects amounts associated with TO 0127, and does not reflect a corresponding credit to related TO 0096 in the same amount. The timecard revisions and corresponding accounting entries behind the auditor's partial observation net to zero, and the employee was not overpaid. It is not

uncommon for such revisions to occur when periods of performance on related task orders overlap, which was the case here.

The auditor's assertion on employee "D" is also incorrect, perhaps stemming from a lack of understanding of the manner in which CACI's records are created and kept. The employee in question recorded 120 working hours in a pay period having 80 standard work hours, was paid correctly, and the project charged properly.

Finding 2014-04: Equipment and Property Records (TO 0127 and TO 0096)

Material Weakness and Non-Compliance

Criteria: Per Section 3.0 of CACI's CENTCOM-CN Property Management procedures, *Receiving Government Property*, every item of government property received is documented, inspected as required, and information distributed as prescribed in [the] procedure. The receiver completes a receiving report and forwards it to Accounts Payable.

FAR 52.245-1, Government Property, states:

(b) *Property management.*

(1) The Contractor shall have a system to manage (control, use, preserve, protect, repair and maintain) Government property in its possession. The system shall be adequate to satisfy the requirements of this clause. In doing so, the Contractor shall initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective control of Government property, consistent with voluntary consensus standards and/or industry-leading practices and standards for Government property management except where inconsistent with law or regulation. During the period of performance, the Contractor shall disclose any significant changes to their property management system to the Property Administrator prior to implementation.

(2) The Contractor's responsibility extends from the initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, disposition, or via a completed investigation, evaluation, and final determination for lost, damaged, destroyed, or stolen property. This requirement applies to all Government property under the Contractor's accountability, stewardship, possession or control, including its vendors or subcontractors (see paragraph (f) (1) (v) of this clause).

Condition: CACI indicated that all property purchased under TO 0096 and TO 0127 were shipped directly to the Government. We requested completed DD250 'Material Inspection and Receiving Reports' as evidence of the transfer of 25 items. In one instance, CACI did not provide a DD250 form as the item is still in CACI's possession, and the company is working to locate the item. The item is a CISCO 2911 w/3 GE4 EHWIC2 DSP1 165146 with a purchase price of \$1,152.

Further, we selected a sample of twenty-five (25) government furnished equipment items and tested to determine if the 'receiver' completed a receiving report as required under CACI policy. CACI provided DA 3161 forms for twenty (20) of twenty-five (25) sample items. DA 3161 forms show evidence of equipment items receipt issued by the Government and received by CACI. The DA 3161 Forms provided were dated November 2014 whereas the inventories from which the sample was selected were dated July 2014. CACI also provided documentation for three of the remaining five items demonstrating that the items had been provided to CACI by the Government and were subsequently returned. Evidence of receipt for the remaining two items was not provided.

Questioned costs: \$1,152 pertaining to task order 0096.

Effect: The Government may have funded the purchase of an asset that is no longer being used for Federal project purposes. In addition, for items purchased by CACI and for which reimbursement was received from the Government, costs may have been recorded prior to the items having been received and the associated costs being considered reimbursable.

Cause: CACI lost track of the asset during an office re-location and has been unable to locate the item. It is unclear why the receiving documents were not completed at the time of the items' having been received.

Recommendation: We recommend that CACI either locate and return the asset to the Government or remit payment of \$1,152 to the Government. We further recommend that CACI issue a written reminder to in-country property managers that addresses the requirements for completion and retention of receiving records.

CACI's response:

We agree with, and have implemented the auditor's recommendations, including issuance of a credit for \$1.152.

Finding 2014-05: Unapproved Extended Work Week and Overtime Compensation (TO 0096 and TO 0127)

Material Weakness and Non-Compliance

Criteria: According to Section H-25 of CACI's Indefinite Delivery Indefinite Quantity contract, the contractor, CACI, must obtain Contracting Officer approval of overtime charges. Section H-25 states the following:

1. Work within the Continental limits of the United States and its possessions shall not normally exceed eight (8) hours per day or forty (40) hours per normal work week. Work hours [outside of the continental United States] shall correspond to hours worked by comparable Government personnel, provided a maximum of 40 per work week is not exceeded.
2. All overtime must be approved in advance by the issuing Contracting Officer. Overtime will be paid at one and a half times the base labor rates on contract for such overtime worked:
 - a. In excess of forty (40) hours per week
 - b. Emergency overtime in case of extreme emergency, where delay would endanger accomplishment of essential theatre missions, the contracting officer may authorize overtime.

Per 48 CFR Subpart 31.201-2(a), "A cost is allowable only when the cost complies with all of the following requirements:

- (1) Reasonableness.
- (2) Allocability.
- (3) Standards promulgated by the CAS Board, if applicable, otherwise, generally accepted accounting principles and practices appropriate to the circumstances;
- (4) Terms of the contract.
- (5) Any limitations set forth in this subpart."

Condition: We tested a sample of 25 overtime charges billed prior to approval of Modification #15, authorized up to 84 overtime hours per week for employees stationed in Afghanistan. CACI did not provide evidence of Contracting Officer approval of an extended work week (EWW) or overtime charges for any of the charges sampled. \$48,568 is questioned for task order 0096 in respect to this matter. A total of \$231,273 in overtime and EWW costs were recorded prior to the April 1, 2011 modification of which \$51,190 was tested.

We also tested nine standard labor transactions for task order 0096 – seven of which contained overtime charges that were billed to the Government. For one employee who charged time for an extended work week after implementation of Modification #15, the costs recorded to the contract account exceeded the employee's base hourly multiplied by the number of hours worked, which was not approved. \$473 is questioned with respect to this matter.

With respect to task order 0127, during testing of 54 labor transactions, we identified 45 instances in which overtime or extended work week compensation was charged to the Government and was either a) unapproved by the Contracting Officer or Contracting Officer Representative or b) exceeded the approved additional hours. CACI provided a series of documents requesting approvals for extended work weeks and overtime throughout the period of performance; however, evidence of approval was not provided for certain individuals and hours worked. \$95,414 is questioned with respect to this matter. A total of \$1,558,401 in overtime and EWW costs were recorded during the audit period of which \$93,034 was tested.

Per communications with CACI and the current Contracting Officer, extended work weeks were expected under both task orders for the entire period of performance. However, during review of the IDIQ and task order 0127 as well as correspondence with the Army, the IDIQ and task order 0127 did not modify the requirement. With regard to task order 0096, effective in April 1, 2011 with approval of the aforementioned modification #15, extended work weeks of 96 hours were authorized per approval of the modified Performance Work Statement.

See **Appendix D** of this report.

Questioned costs: \$144,455, including \$49,041 under task order 0096 and \$95,414 under task order 0127.

Effect: The Government may have funded labor costs that were unreasonable or unnecessary.

Cause: CACI's Government Compliance Officer stated that they understood extended work weeks to have been pre-approved as a component of the proposal process and, therefore, did not consider any additional approval to be necessary. In addition, based on communications with the current Contracting Officer, extended work weeks were expected to occur.

Recommendation: We recommend that CACI either provide the document showing advance written approval from the Contracting Officer for the extended work weeks and the overtime charges incurred during the audit period or reimburse the Government \$144,455. We further recommend that CACI develop procedures to ensure Contracting Officer approval has been obtained prior to employees incurring overtime hours.

CACI's response:

CACI does not concur with the auditor's finding and recommendations. CACI employees were required to work extended workweeks, and CACI did not charge overtime payments to the Army.

In the Army's solicitation for Task Order 0096, the Army specified a level of effort per OCONUS employee of 4,032 hours annually per employee, equating to forty-eight, 84 hour workweeks. Likewise, the Army's solicitation for Task Order 0127 specified a level of effort per OCONUS employee of 3,456 hours annually, equating to forty-eight, 72 hour workweeks. Further, in pertinent part, the Performance Work Statement for Task Order 0096, dated April 8, 2011, provides (emphasis added):

*8.3 Tour of Duty/Hours of Work. The individual's tour of duty will be defined by the government at the time of deployment notification. Hours of work are the hours worked during the normal workday. **The normal workday, when deployed, will be 12 hours per day, seven days per week, or other durations depending on the operational***

needs. *The contractor may rotate qualified replacement contractor personnel into the location when an individual's tour of duty has been satisfied.*

The Army's requirement for extended workweeks was confirmed by the Contracting Officer. The auditor acknowledges that "Per communications with . . . the current Contracting Officer **extended work weeks** were expected under **both** task orders for the **entire** period of performance." (Emphasis added). Further, because Task Order 0127 was a follow-on to Task Order 0096, it was reasonable for CACI to treat Task Order 0127 similarly to Task Order 0096.

The auditor ignores the language in Section H-25 which provides that overtime compensation will be paid at one and a half times the base labor rates on contract for such overtime worked in excess of forty (40) hours per week. As detailed in our response to Finding 2014-01, no overtime compensation at one and half times base labor rates was paid for the extended workweek OCONUS employees on either task order. That is, as discussed in our response to Finding 2014-01, CACI employees received basic compensation (at straight-time pay) for their extended workweek hours. They did not receive overtime compensation, as set forth in Section H-25.

It is highly questionable as to whether section H-25 of the IDIQ contract under which both task orders were awarded should even have been operative for the extended workweek OCONUS employees associated with those awards, as the section, read in its entirety, seems clearly intended to control labor paid a one and a half times the base labor rates on contract for such overtime worked. Given that no time was paid or even anticipated to be paid at one and half times base labor rates for those employees on either task order, the approval of time worked by those extended workweek OCONUS employees in excess of 40 hours per week should not have been necessary. As some background, when the IDIQ was awarded in March 2006, little consideration was given to the possibility of extended OCONUS performance in hazardous duty locations like Afghanistan or Iraq. For example, at the time of award, the contract did not include any of the Theater Business Clearance Clauses required by the Joint Contracting Command – Iraq/Afghanistan (JCC-I/A) which would be required for any performance in Afghanistan. These required clauses were not added to the IDIQ contract until mid-July, 2009.

We note that the auditor found no evidence of lack of value received by our customer for any OCONUS hours worked in excess of 40 per week. Nor have we heard anything similar from our customer.

In sum, CACI did not charge overtime pay (pay at "one and a half times the base labor rates" per Section H-25) to the Army, and it was reasonable for CACI to work the extended workweeks as they were expected and required to support Task Orders 0096 and 00127.

Finding 2014-06: Equipment and Property Inventories (TO 0096 and 0127)

Material Weakness

Criteria: According to Section 8.0, Subsection 1 of CACI's CENTCOM-CN Property Management manual, CACI is required to conduct an annual physical inventory of all government property in CACI's possession. Per inquiry, CACI modified the procedure to conduct monthly inventories due to the nature of the items in its possession (e.g., weapons, body armor, and vehicles).

According to Section 10.0, Subsections 10 and 11 of CACI's Property Management manual, the CACI Corporate Government Property Administrator ("CGPA") is required to review and sign the physical inventory record.

Condition: We selected a sample of sixteen (16) monthly inventories and tested to determine 1) if the inventories were being performed; 2) if the inventory was complete and included all government property items (e.g., cell phones, office equipment, weapons, vehicles, and body armor); and 3) if the CGPA reviewed and signed each inventory. CACI provided documentation of all monthly inventories sampled

except for the February 2011 inventory. Of the inventories provided, seven were incomplete. During our physical inspection of 21 property items located in Afghanistan, we did not identify any missing items.

A summary of the omissions follows, per our review:

Sample Item	Month	Year	Omitted Equipment and Property Items
1	December	2010	Weapons and body armor
2	February	2011	All items - no equipment inventory provided
4	June	2011	Weapons and vehicles
5	July	2011	Office equipment, weapons, vehicles, and cell phones
6	August	2011	Weapons and vehicles
7	February	2012	Weapons, vehicles
8	May	2012	Weapons, vehicles, and body armor
9	July	2012	Weapons

For each monthly inventory in the sample, we requested evidence that the Corporate Government Property Administrator (CGPA) reviewed and approved the equipment inventory. In sixteen (16) of sixteen (16) sampled inventories, CACI did not provide evidence of equipment inventory review and approval by the CGPA.

Questioned costs: None

Effect: The likelihood that items purchased by CACI or provided by the Government to CACI for purposes of administering the projects may have been utilized for non-project purposes or may have been damaged or missing without CACI's knowledge is increased.

Cause: CACI's Senior Program Manager stated that the records and emails showing approval are stored on hard drives of former employees. As a result of the time that has passed and the wear and tear on old computers, CACI has not been able to locate all information requested.

Recommendation: We recommend that CACI issue an instruction to project team members requiring that property and equipment management-related documents be retained in a central project document repository through the conclusion of the applicable records retention period. We further recommend that CACI issue a written reminder to those individuals responsible for equipment and property inventories specifying both the frequency at which inventories are required to be completed and the required components of the inventories.

CACI's response:

We agree with, and have implemented the auditor's recommendations.

Finding 2014-07: Labor Charge Adjustments and Allocations Across Multiple Awards (TO 0127)

Significant Deficiency

Criteria: CACI's timekeeping policy requires that each CACI employee prepare and submit a signed timecard to their manager for review, approval, and submission to the Accounting Department. In addition, employees must accurately record time and maintain their timecard records on a daily basis.

The Federal Acquisition Regulation (FAR) on contract cost principles and procedures state:

FAR 31.201–4 Determining allocability.

A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it—

- (a) Is incurred specifically for the contract;
- (b) Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
- (c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

Condition: During our procedures, we identified two employees who appeared to have charged TO 0127 for unreasonable amounts of hours and costs. Specifically, Employee C recorded 424 hours to task order 0127 on timesheet date October 13, 2012. Employee D recorded 394 hours on timesheet date October 12, 2012. The issue pertained to time allocation errors not having been detected as opposed to extended work week or overtime issues, as referenced in prior findings.

Upon review of additional supporting documentation, we noted that there were a series of adjustments that transferred costs between TO 0127 and TO 0096. Ultimately, the costs were not questioned as the final charges were supported by timesheets. However, the misallocations by project were not detected at the time of the initial entries and reversals for charges to TO 0127 were recorded against the incorrect TO (0096). For Employee C, \$35,394 was charged to TO 0127 and the corresponding amount was credited to TO 0096. For Employee D, \$29,395 was charged to TO 0127 and \$23,311 was credited to TO 0096. All amounts are per CACI's general ledger detail.

Questioned costs: None

Effect: By transferring charges between TO without clearly documenting the nature of the work and the appropriate receiving award, CACI risks misallocating costs by TO. A misallocation of costs by task order may result in costs being considered unallowable under the FAR commercial entity cost principles and procedures.

Cause: CACI indicated that, during the timeframe that the two task orders overlapped, CACI would, at the request of the Government, move personnel between each task and, therefore, sometimes revise timecards. The activity was based on disbursements.

Recommendation: We recommend that the Accounting Department document the rationale and justification for each labor adjustment. If labor adjustments are made in response to a Government request, then documentation of Government request should be retained.

CACI's response:

For employee "D" referenced in the auditor's findings, our records do not indicate a discrepancy between amounts charged and credited to the two task orders as noted by the auditor. We would be happy to share them with the auditor.

As mentioned in our response to Finding 2014-03, it is not uncommon for such revisions to occur when periods of performance on related task orders overlap, which was the case here.

We will do our best to better document the reasons behind such adjusting entries in the future.

APPENDIX B: Auditor's Rebuttal

Crowe Horwath LLP, in consideration of the views presented by the management of CACI Technologies, Inc. ("CACI" or "the auditee"), presents the following rebuttal to certain matters presented by the auditee. The responses below are intended to clarify factual errors and provide context, where appropriate, to assist users of the report in their evaluation of the audit report. In those instances where management's response did not provide new information and support to modify the facts and circumstances that resulted in the initial finding, we have not provided a response. The absence of a rebuttal indicates that Crowe does not deem it necessary to correct or clarify any response of the auditee.

Finding 2014-01

Crowe has reviewed CACI's response to the finding and did not identify any information within the response that indicates additional compensation above the employee's basic, fixed salary established within the employees' agreements or hiring documents (i.e., additional compensation resulting from working extended work weeks) should be considered "basic compensation" as defined by the U.S. Department of State. We note that the State Department's regulations exclude "additional compensation". Accordingly, the finding has not been modified. In addition, we note that – of the 61 exceptions identified – 40 would remain if the extended work week were to be considered as a component of basic compensation.

Finding 2014-03

We have received and reviewed the additional documentation and calculations pertaining to employees A and B. Upon review of the information provided by CACI, we concur with management's response pertaining to the aforementioned employees and have cleared the corresponding components of the finding.

With regard to Employee C, management notes that the employee was not overpaid and that the individual was paid twice within the month. Crowe does not disagree with management with respect to these matters. However, the finding asserts that task order 0127 was overcharged as the cost incurred by CACI subject to reimbursement (i.e., the amounts disbursed to the employee) was less than the amount charged to the task order. In addition, each contract task order was funded separately. Accordingly, a credit to task order 0096 would be insufficient for purposes of clearing the finding. Task order 0127, therefore, remains overcharged and the finding has not been cleared..

Finding 2014-05

We have reviewed CACI's management response. During our review, we did not identify any information that indicated that the Government provided a written modification to the provisions of Section H-25 of the indefinite delivery indefinite quantity contract, which required prior approval of hours worked in excess of 40 hours per week. In addition, CACI notes that certain components of the contract should not have been operative or changes may not have been made as a result of changing work conditions. In the absence of sufficient adequate audit evidence, we cannot make modifications to the finding for such items. Accordingly, the finding remains unmodified.

APPENDIX C: Schedule of Danger Pay Overcharges

Task Order 0096

Sample Item #	Pay Period End Date	Regular Pay (per GL Detail)	Overtime (Per GL Detail)	Total Pay	Danger Pay Charged for the Period	Danger Pay as % of Base	Danger Pay Calculated @ 35%	Danger Pay Over Charge
0096-59	1/31/2013	\$	\$	\$	\$	56%	\$	\$
0096-60	8/31/2012	\$	\$	\$	\$	52%	\$	\$
0096-62	11/30/2012	\$	\$	\$	\$	36%	\$	\$
1	1/31/2011	\$	\$	\$	\$	60%	\$	\$
2	2/28/2011	\$	\$	\$	\$	44%	\$	\$
3	2/15/2011	\$	\$	\$	\$	48%	\$	\$
5	1/31/2011	\$	\$	\$	\$	64%	\$	\$
7	1/15/2011	\$	\$	\$	\$	40%	\$	\$
8	3/27/2011	\$	\$	\$	\$	45%	\$	\$
9	3/31/2011	\$	\$	\$	\$	64%	\$	\$
10	2/28/2011	\$	\$	\$	\$	44%	\$	\$
11	12/30/2010	\$	\$	\$	\$	60%	\$	\$
12	11/30/2010	\$	\$	\$	\$	60%	\$	\$
13	12/31/2010	\$	\$	\$	\$	64%	\$	\$
14	11/30/2010	\$	\$	\$	\$	60%	\$	\$
15	12/30/2010	\$	\$	\$	\$	60%	\$	\$
18	12/30/2010	\$	\$	\$	\$	60%	\$	\$
19	2/28/2011	\$	\$	\$	\$	44%	\$	\$
21	1/31/2011	\$	\$	\$	\$	56%	\$	\$
22	1/31/2011	\$	\$	\$	\$	64%	\$	\$
24	2/15/2011	\$	\$	\$	\$	52%	\$	\$
TOTAL QUESTIONED COSTS DUE TO DANGER PAY OVERCHARGES:								\$ 14,637

Task Order 0127

Sample Item #	Pay Period End Date	Regular Pay (per GL Detail)	Overtime (Per GL Detail)	Total Pay	Danger Pay Charged for the Period	Danger Pay as % of Base	Danger Pay Calculated @ 35%	Danger Pay Over Charge
0127-42	10/12/2012	\$	\$	\$	\$	52%	\$	\$
0127-44	10/13/2012	\$	\$	\$	\$	44%	\$	\$
0127-45	9/15/2013	\$	\$	\$	\$	52%	\$	\$
0127-46	10/31/2011	\$	\$	\$	\$	56%	\$	\$
0127-47	12/23/2013	\$	\$	\$	\$	44%	\$	\$
0127-48	12/15/2011	\$	\$	\$	\$	52%	\$	\$
0127-49	12/15/2011	\$	\$	\$	\$	52%	\$	\$
0127-50	2/15/2014	\$	\$	\$	\$	52%	\$	\$
0127-52	12/26/2012	\$	\$	\$	\$	40%	\$	\$
0127-53	6/30/2013	\$	\$	\$	\$	44%	\$	\$
0127-54	7/15/2013	\$	\$	\$	\$	52%	\$	\$
0127-55	6/30/2013	\$	\$	\$	\$	49%	\$	\$
0127-56	2/29/2012	\$	\$	\$	\$	48%	\$	\$
0127-57	11/30/2011	\$	\$	\$	\$	52%	\$	\$
0127-58	4/15/2014	\$	\$	\$	\$	52%	\$	\$
0127-65	5/15/2013	\$	\$	\$	\$	36%	\$	\$
1	11/15/2011	\$	\$	\$	\$	52%	\$	\$
2	11/15/2011	\$	\$	\$	\$	52%	\$	\$
3	11/15/2011	\$	\$	\$	\$	52%	\$	\$
4	11/30/2011	\$	\$	\$	\$	48%	\$	\$
5	12/15/2011	\$	\$	\$	\$	60%	\$	\$
6	12/31/2011	\$	\$	\$	\$	52%	\$	\$
7	12/31/2011	\$	\$	\$	\$	52%	\$	\$
9	1/31/2012	\$	\$	\$	\$	56%	\$	\$
10	3/31/2012	\$	\$	\$	\$	52%	\$	\$
12	10/13/2012	\$	\$	\$	\$	53%	\$	\$
13	11/21/2012	\$	\$	\$	\$	52%	\$	\$
14	5/15/2013	\$	\$	\$	\$	52%	\$	\$
15	5/15/2013	\$	\$	\$	\$	64%	\$	\$

16	5/31/2013	\$		\$		\$		\$		51%	\$		\$	
17	6/30/2013	\$		\$		\$		\$		52%	\$		\$	
19	6/30/2013	\$		\$		\$		\$		52%	\$		\$	
20	6/30/2013	\$		\$		\$		\$		52%	\$		\$	
21	7/15/2013	\$		\$		\$		\$		52%	\$		\$	
22	7/15/2013	\$		\$		\$		\$		52%	\$		\$	
23	7/31/2013	\$		\$		\$		\$		56%	\$		\$	
24	8/31/2013	\$		\$		\$		\$		56%	\$		\$	
25	10/15/2013	\$		\$		\$		\$		52%	\$		\$	
27	2/15/2014	\$		\$		\$		\$		35%	\$		\$	
29	4/15/2014	\$		\$		\$		\$		52%	\$		\$	
TOTAL QUESTIONED COSTS DUE TO DANGER PAY OVERCHARGES:												\$	25,095	

APPENDIX D: Schedule of Extended Work Week / Overtime Charges



Task Order 0096

Item	Pay Period End Date	Regular Pay (per GL Detail)	Regular Hourly Pay Rate (Regular Pay / 80 hours)	Overtime (Per GL Detail)	Amount Charged to the Contract	Hours Charged to Award	Amount Chargeable to the Govt (Max of 80 hours unless otherwise approved)	Questioned Costs (EWW Overage)	
1	1/31/2011	\$	\$	\$	\$	130	\$	\$	
2	2/28/2011	\$	\$	\$	\$	110	\$	\$	
3	2/15/2011	\$	\$	\$	\$	108	\$	\$	
4	2/28/2011	\$	\$	\$	\$	93	\$	\$	
5	1/31/2011	\$	\$	\$	\$	140	\$	\$	
6	3/15/2011	\$	\$	\$	\$	120	\$	\$	
7	1/15/2011	\$	\$	\$	\$	100	\$	\$	
8	3/27/2011	\$	\$	\$	\$	170	\$	\$	
9	3/31/2011	\$	\$	\$	\$	140	\$	\$	
10	2/28/2011	\$	\$	\$	\$	110	\$	\$	
11	12/30/2010	\$	\$	\$	\$	140	\$	\$	
12	11/30/2010	\$	\$	\$	\$	140	\$	\$	
13	12/31/2010	\$	\$	\$	\$	140	\$	\$	
14	11/30/2010	\$	\$	\$	\$	140	\$	\$	
15	12/30/2010	\$	\$	\$	\$	140	\$	\$	
16	12/30/2010	\$	\$	\$	\$	122	\$	\$	
17	12/30/2010	\$	\$	\$	\$	112	\$	\$	
18	12/30/2010	\$	\$	\$	\$	140	\$	\$	
19	2/28/2011	\$	\$	\$	\$	110	\$	\$	
20	12/30/2010	\$	\$	\$	\$	108	\$	\$	
21	1/31/2011	\$	\$	\$	\$	120	\$	\$	
22	1/31/2011	\$	\$	\$	\$	140	\$	\$	
23	1/31/2011	\$	\$	\$	\$	100	\$	\$	
24	2/15/2011	\$	\$	\$	\$	120	\$	\$	
25	12/14/2010	\$	\$	\$	\$	108	\$	\$	
0096-58	9/30/2011	\$	\$	\$	\$	150	\$	\$	
TOTAL QUESTIONED COSTS FOR OVERTIME/EXTENDED WORK WEEK COMPENSATION:								\$	49,041

Task Order 0127

Item	Pay Period End Date	Regular Pay (per GL Detail)	Regular Hourly Pay Rate (Regular Pay / 80 hours)	Overtime (Per GL Detail)	Total Pay (Columns E + G)	Hours Charged to Award	Amount Chargeable to the Govt (Max of 80 hours unless otherwise approved)	Questioned Costs (EWW Overage)
0127-42	10/12/2012	\$	\$	\$	\$	130	\$	\$
0127-44	10/13/2012	\$	\$	\$	\$	130	\$	\$
0127-45	9/15/2013	\$	\$	\$	\$	130	\$	\$
0127-46	10/31/2011	\$	\$	\$	\$	140	\$	\$
0127-47	12/23/2013	\$	\$	\$	\$	134	\$	\$
0127-48	12/15/2011	\$	\$	\$	\$	130	\$	\$
0127-49	12/15/2011	\$	\$	\$	\$	130	\$	\$
0127-52	12/26/2012	\$	\$	\$	\$	130	\$	\$
0127-53	6/30/2013	\$	\$	\$	\$	138	\$	\$
0127-54	7/15/2013	\$	\$	\$	\$	130	\$	\$
0127-55	6/30/2013	\$	\$	\$	\$	134	\$	\$
0127-56	2/29/2012	\$	\$	\$	\$	130	\$	\$
0127-57	11/30/2011	\$	\$	\$	\$	130	\$	\$
0127-58	4/15/2014	\$	\$	\$	\$	130	\$	\$
0127-59	11/30/2013	\$	\$	\$	\$	84	\$	\$
0127-65	5/15/2013	\$	\$	\$	\$	92	\$	\$
1	11/15/2011	\$	\$	\$	\$	130	\$	\$
2	11/15/2011	\$	\$	\$	\$	130	\$	\$
3	11/15/2011	\$	\$	\$	\$	130	\$	\$
4	11/30/2011	\$	\$	\$	\$	120	\$	\$
5	12/15/2011	\$	\$	\$	\$	100	\$	\$
6	12/31/2011	\$	\$	\$	\$	89	\$	\$
7	12/31/2011	\$	\$	\$	\$	130	\$	\$
8	1/15/2012	\$	\$	\$	\$	75	\$	\$
9	1/31/2012	\$	\$	\$	\$	140	\$	\$

10	3/31/2012	\$		\$		\$		\$		130	\$		\$	
11	4/30/2012	\$		\$		\$		\$		23	\$		\$	
12	10/13/2012	\$		\$		\$		\$		154	\$		\$	
13	11/21/2012	\$		\$		\$		\$		130	\$		\$	
14	5/15/2013	\$		\$		\$		\$		130	\$		\$	
15	5/15/2013	\$		\$		\$		\$		150	\$		\$	
16	5/31/2013	\$		\$		\$		\$		126	\$		\$	
17	6/30/2013	\$		\$		\$		\$		130	\$		\$	
18	6/30/2013	\$		\$		\$		\$		137	\$		\$	
19	6/30/2013	\$		\$		\$		\$		130	\$		\$	
20	6/30/2013	\$		\$		\$		\$		130	\$		\$	
21	7/15/2013	\$		\$		\$		\$		130	\$		\$	
22	7/15/2013	\$		\$		\$		\$		130	\$		\$	
23	7/31/2013	\$		\$		\$		\$		140	\$		\$	
24	8/31/2013	\$		\$		\$		\$		140	\$		\$	
25	10/15/2013	\$		\$		\$		\$		130	\$		\$	
26	11/30/2013	\$		\$		\$		\$		0	\$		\$	
27	2/15/2014	\$		\$		\$		\$		112	\$		\$	
28	2/28/2014	\$		\$		\$		\$		135	\$		\$	
29	4/15/2014	\$		\$		\$		\$		88	\$		\$	
TOTAL QUESTIONED COSTS FOR OVERTIME/EXTENDED WORK WEEK COMPENSATION:												\$	95,414	

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