

CLIENT ALERT

Contractor Business Systems Reviews: A Work in Progress According to GAO Report

February 22, 2019

On February 7, 2019, the GAO, pursuant to Section 890 of the FY 2018 National Defense Authorization Act (NDAA), released a [report](#):

- Describing the changes to DoD’s process of monitoring contractor business systems (CBS), including systems used for accounting, cost estimating, purchasing, and material management.
- Analyzing the extent to which DoD is ensuring timely CBS reviews.
- “[D]escribing the steps DoD has taken to implement selected provisions of Section 893” of the FY 2017 NDAA.

The report also includes DCAA’s forecast for the number of business system audits it has planned for 2019 – 2022 and indicates that DCAA expects “it will be caught up in conducting the audits for which it is responsible by fiscal year 2022.” Specifically, DCAA “plans to conduct a total of 285 CBS audits” from FY 2019 through 2022, including 50 audits in FY 2019 and 104 in fiscal year 2020. DCAA “also plans to shift some of the hours previously devoted to incurred cost audits to CBS audits...” As the report notes, however, successful execution of this plan is dependent on a number of factors, including DCAA’s “ability to shift resources from other audits; to use public accounting firms to conduct other, non-business system audits; and DCAA staff’s ability to execute new audit plans in a timely manner.”

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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