

CLIENT ALERT

Cost Disallowance Claim Accrued When the Government Paid Invoices

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In *United Liquid Gas Co. v. GSA* (July 12, 2018), the Civilian Board of Contract Appeals found that the government's cost disallowance claim was untimely under the Contract Disputes Act's six-year statute of limitations. Following an audit, GSA filed a \$3.3 million claim alleging that the contractor overbilled GSA on a fixed-price per gallon propane contract. The Board held that GSA's claim began to accrue on the date that the Government paid each invoice. GSA argued unsuccessfully that, before the audit, it could not have known of the overbilling because the invoices were paid by a separate agency (the Defense Finance and Accounting Service). The Board responded that GSA was "obligated to monitor [the] payments" and thus "should have known about the overpayment[s]." Because each invoice payment was treated as a separate event for claim accrual purposes, the Board denied as time-barred roughly \$280,000 of GSA's claim that involved payments more than six years before the claim was filed.

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

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