

CLIENT ALERT

GAO Report Reveals That DCAA's Audit Backlog Continues

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On September 28, the Government Accountability Office issued a [report](#) indicating that, while DCAA has reported a reduction in its audit backlog by half since 2011 through the use of a “risk-based” approach and multi-year audits, the agency did not meet its goal of eliminating the backlog by 2016. GAO also found that in fiscal year 2016, DCAA averaged 885 days to complete incurred cost audits from the date the ICS was deemed adequate by DCAA, including on average 138 days “to complete the actual audit work.” According to GAO, “staff availability [wa]s the primary factor for the delay before starting audit work.” The GAO Report explains that the 138 day average time for disposition of proposals included proposals that were closed without an audit, through the issuance of “low-risk memorandums” for low-risk incurred cost proposals not selected for audit. Because the average time for closing unaudited low risk proposals was about 72 days in 2016 and because it appears that nearly 2/3 of the audit backlog since 2012 has been closed with low-risk memorandums, the GAO report would support a conclusion that the average length of an audit for proposals that were actually audited may be substantially greater than 138 days. For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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