

CLIENT ALERT

New Guidance Allows Limited Role for DCAA Audit of Non-DOD Contracts

February 4, 2016

The 2016 National Defense Authorization Act prohibits the Defense Contract Audit Agency from providing "audit support" to any non-DOD agency until the Secretary of Defense certifies that DCAA has reduced its backlog of incurred cost audits to 18 months or less, a restriction that could cause some disruption for contractors when DOD contracts are not a majority of the contractor's government work and when audit support has been provided by DCAA in the past. On January 7, 2016, [DCAA issued guidance to its auditors](#) that appears to limit the prohibition on "audit support" to incurred cost audits, leaving DCAA auditors free to provide other accounting services to non-DOD agencies, specifically permitting DCAA to perform incurred cost audits that include both DOD and non-DOD contracts when auditors determine that inclusion of the non-DOD contracts involves "*de minimis*" incremental effort by DCAA, and offering guidance about how to handle such "mixed" audits when the non-DOD contracts will create more than "*de minimis*" incremental effort.

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

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