

CLIENT ALERT

Submission of Indirect Cost Rate Proposal Starts Six-Year Limitations Period

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In *Sparton DeLeon Springs, LLC* (ASBCA Dec. 28, 2016), the Board rejected a government claim for recoupment of alleged overpayments of direct costs as time-barred by the CDA's six-year statute of limitations. The government alleged that it was not put on notice of the 2007 overpayment until 2014 when Sparton submitted its final voucher, which did not include the direct costs at issue. However, the Board held that the government "knew or should have known" the basis of its claim by 2008 when Sparton submitted its FY 2006 and 2007 indirect cost proposals. Those proposals disclosed direct costs that would be used to calculate indirect rates, but they did not include certain direct costs that the contractor had already invoiced and the government had already paid. Pre-discovery summary judgment was appropriate because "the government should [have] be[en] able to substantiate on its own" whether "interim vouchers contained [sufficient] supporting documentation."

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

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