

Getting Ready for a DCAA Audit

Let's quickly level-set on the mission of the Defense Contract Audit Agency (DCAA). Their primary function is to perform contract and financial audits for agencies that are responsible for acquisition and contract administration for the US Government. DCAA audits ONLY government contractors. They conduct these audits in accordance with the Generally Accepted Government Auditing Standards (GAGAS). The principles that GAGAS embodies are unbiased audit conclusions based on facts.

DCAA is a very vital part of the acquisition process for the Department of Defense (DOD) and certain other agencies. Their charter is to make sure that the taxpayers' money is spent responsibly and ethically, by conducting audits that ensure the validity of costs throughout the acquisition process. They have a tremendous amount of influence because they communicate with the Contracting Officer (CO) and make recommendations that have an impact on contract negotiations. The recommendations help the CO understand what the price of the contract should be. In the past the relationship between the government contracting community and DCAA has been strained. DCAA is making a concerted effort to improve overall relationships with government contractors by improving communication and coordination.

Tips to Prepare for an Audit:

- Prepare a strategic plan for compliance
- Prepare yourself with policies, procedures, and tools
- Understand the purpose of the audit
- Look up the audit program on the DCAA website and print
- Choose a point of contact to be a liaison with your auditor
- Understand the record keeping requirements in FAR 4.7
- Insist DCAA hold entrance and exit conferences
- Keep DCAA within the scope of the audit

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