



Accounting and Auditing for Government Contractors

Presented By:

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Who is DCAA?

The Defense Contract Audit Agency, under the authority, direction, and control of the [Under Secretary of Defense \(Comptroller\)](#), (USD(C)) / Chief Financial Officer (CFO), Department of Defense.

Federal Acquisition Regulation (FAR)

Statutory authorities to issue and revise the FAR have been delegated to the Procurement Executives in DoD, GSA and NASA. FAR applies to all agencies including the Executive Branch. The Legislative and Judicial branches are not required to comply with the FAR, but tend to follow it in spirit and content. These provisions include requirements for:

- Changing the scope of work
- Terminating contracts
- Making payments
- Testing and acceptance of delivered goods/services

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The screenshot shows the SBA.gov website with the following elements:

- Browser Address Bar:** <https://www.sba.gov/content/contracting-regulati>
- Header:** "An Official Website of the United States Government" with "Translate", "Login", and "Register" links.
- SBA Logo:** "SBA U.S. Small Business Administration"
- Social Media:** Facebook, Twitter, YouTube, LinkedIn, and Google+ icons.
- Search Bar:** "Search SBA.gov"
- Navigation Menu:** "Starting & Managing", "Loans & Grants", "Contracting", "Learning Center", "Local Assistance", "About SBA".
- Breadcrumbs:** "SBA.gov » Contracting » Understanding the Federal Marketplace » Contracting Regulations for Small Businesses"
- Left Sidebar:**
 - Contracting**
 - ▶ Getting Started
 - ▶ Contracting Support for Small Businesses
 - ▼ Understanding the Federal Marketplace
 - Contracting Resources for Small Businesses
 - Contract Responsibilities
 - Contracting Regulations for Small Businesses**
 - ▶ Sub-Contracting
 - ▶ For Contracting Officials

- Main Content Area:**
- Image:** Hands writing on a document.
- Section Header:** "Understanding the Federal Marketplace"
- Article Title:** "Contracting Regulations for Small Businesses"
- Text:** "Expanding your business into the federal marketplace can be lucrative, and provide numerous networking and growth opportunities. But be warned: Winning a federal contract also means complying with laws and regulations unique to those doing business with the government. Many new contractors, especially small businesses, are unprepared for the rules and regulations they must follow, which can lead to costly errors and potential legal problems. The resources below will help you become familiar with the regulations that apply to most federal contractors."
- Section Header:** "Procurement Regulations"
- Text:** "The Federal Acquisition Regulation (FAR) is a substantial and complex set of rules governing the federal government's purchasing process. Its purpose is to ensure purchasing procedures..."
- Right Sidebar:**
- Need a Small Business Loan?**
- SBA LINC TOOL**
- Connecting Small Business Borrowers with SBA Approved Small Business Lenders
- [LEARN MORE](#)
- Recent Blogs About Contracting:**
 - How to Become a Small Business Government Contractor of Choice
 - Increasing Mentor-Protégé Opportunities for all Small Businesses
- Vertical Button:** "LINC TOOL"

For more info - www.sba.gov

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Contract Types

- **Fixed Price Contracts**
- **Cost Contracts**
- **Incentive Contracts**
- **Indefinite Delivery Indefinite Quantity (IDIQ)**
- **Time & Material, Labor Hour, Letter Contracts**

Contract Accounting Terms

- **Wide Area Work Flow (WAWF)**
- **Vouchers (Invoices)**
- **Cost Accounting Standards (CAS)**
- **Incurred Cost Electronically (ICE)**
- **Cost Accumulation**
- **Indirect Costs**

Areas of Emphasis & Audit Interests

- (1) internal control systems & management policies,
- (2) accuracy and reasonableness of cost representations,
- (3) adequacy and reliability of records/accounting systems,
- (4) financial capability, and
- (5) contractor compliance with contractual provisions such as the Cost Principles the “Cost Accounting Standards Clause” and the Truth in Negotiations Act.

The extent of DCAA's involvement is determined by the type of contract that will be awarded. Generally, most DCAA efforts on firm-fixed price type contracts take place during the proposal stage rather than in the incurred cost stage. The reverse is true for flexibly priced contracts.

Primary Areas of Accounting Compliance

- Pre-award Audits of Contractor Accounting Systems
- Accumulation of Costs
 - Direct vs. Indirect
 - By Contract & CLIN
 - Logically, Consistency, Allowability
- General Ledger Control
- Timekeeping & Labor Distribution system
- Uncompensated Overtime
- Monthly Closing of financial books
- Unallowable Costs
- GAAP Overrides Tax allowability

QUESTIONS



ORANGE COUNTY
INLAND EMPIRE NETWORK