

**How to Resolve DCAA Issues In A Hostile Environment**  
**By Barb Ferneyhough and Bob Greco**

December 4<sup>th</sup> 2009

As DCAA is continuing to feel its “independence,” contractors are continually frustrated with how to resolve issues raised during audit. We recently worked with a client who had a disclosure statement audit by DCAA. In the preliminary report, multiple allegations of CAS non-compliance were made. DCAA was eager to publish their report; but, was not interested in providing the client an opportunity to discuss and possibly resolve the findings prior to publication. After reading the allegations made by DCAA, it was clear that the findings were based upon the auditor’s lack of understanding, not on a lack of proper compliance with CAS or FAR. How is a contractor to resolve such issues when they come to loggerheads with DCAA? How can a contractor help build confidence with their Contracting Officers despite a clearly biased and erroneous audit report?

**1. Escalate, escalate, escalate**

Although escalation to a supervisory auditor is unlikely to resolve your concern, escalation to your DCAA Branch Manager will start the ball rolling. If you are firm on your ground and the Branch Manager is not willing to take appropriate action, escalate further to the Regional Audit Manager (RAM), and be prepared to continue up the chain if necessary. Demand that you be given the appropriate opportunity to present your argument . . . and do everything in writing.

**2. Remove the emotion**

Staff/line auditors have suddenly found themselves to be in a position of authority and know that their bosses are reticent to over-turn a supposed finding for fear of being reported to the IG. This reluctance emanates from a GAO report alleging that supervisors were inappropriately modifying reports without staff concurrence. Despite the fact that these auditors are probably well intended, they are inexperienced and are eager to defend themselves. Be certain that all interaction is based in fact and keep your cool.

**3. Document, Document, Document**

If you are correct, be certain to prepare your documentation and citations properly and thoroughly. Just because an auditor believes that he or she has a way to build a better mouse-trap does not mean that your way is wrong or non-compliant. Prepare very clear and concise models of your process that a six-year old will understand. Reduce all verbal communications and understandings to writing, even if by e-mail so that your understanding is on record.

**4. Demand Proof**

Do not be afraid to challenge the “non-compliance” of your methodology. If DCAA alleges that something is non-compliant, demand that they demonstrate HOW it is non-compliant. DCAA cannot make a claim of non-compliance without proving it.

**5. White Papers**

Your Contracting Officers can make a determination to ignore DCAA if you can properly arm them. Write a position paper that comes out of the “document, document, document” suggestion. Include not only FAR or CAS citations, but also ASBCA or other rulings that will support your position. Again, ensure that your argument is clear and concise.

**6. Offices of General Counsel**

Ask your Contracting Officer to reach out to their internal OGC to provide a legal opinion as a basis for over-turning a DCAA determination. Contracting Officers can use legal opinions as a basis of determination to reject a DCAA finding.

If you would like more information on this topic or to discuss any issues that you are currently experiencing with DCAA, please contact us at +1-888-BKH-9998.