

## DOE Establishes Process for Contract Audits Through Private Sector

Written by Nick Sanders  
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We've been [watching](#) this coming for some time and now here we are. The Department of Energy has established an [official process](#) for contracting officers of non-M&O contracts to use "an alternative to Defense Contract Audit Agency (DCAA) audit support."

DOE Policy Flash 2016-37, dated July 28, 2016, revised DOE Acquisition Guide Chapter 42.101 ("Audit Requirements for Non-Management and Operating Contracts") to advise DOE contracting officers that there is an alternative to using DCAA. As the revised Chapter notes alternative approaches are necessary because, "DCAA's services are not always readily available in a timely manner for audits of final indirect cost rate proposals (sometimes referred to as incurred cost proposals)."

Yep. DCAA's audit services are not always readily available. Some might even say that DCAA is *prohibited* for performing audit services on behalf of DOE. Prohibited by [Public Law](#). DCAA would like to believe that it will once again be permitted to perform audit services on behalf of non-DOD agencies, and perhaps it will—but not today. Today those non-DOD agencies that had come to rely on DCAA auditors have to make do without them. DOE is one of those affected agencies and they are signaling clearly that they are moving forward—at least in the near-term—without DCAA. This DOE Policy Flash makes it official.

What is the alternative to using DCAA? It's the private sector, as we've suspected it would be. According to the new policy guidance—

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As an alternative to DCAA audit support, DOE/NNSA Contracting Officers may obtain audit services from a private sector provider of audit services. One available option is a Blanket Purchase Agreement (BPA) for audit services that is currently in place with CohnReznick, LLP. Orders for audit support can be placed by any DOE/NNSA Contracting Officer through individual awards issued against BPA DE-MA0011836. Each order placed against the BPA is awarded and administered by the field site Contracting Officer placing the order. For further information regarding placing orders for audit support with CohnReznick, LLP, please contact the BPA Contracting Officer's Representative (COR), Salem Fussell, at [salem.fussell@hq.doe.gov](mailto:salem.fussell@hq.doe.gov).

Thus, DOE is moving on without DCAA. It has at least one private sector CPA firm available to assist its contracting officers with proposal audits, Disclosure Statement reviews, business system reviews, and incurred cost submission audits. This is a watershed moment for those involved in government contract cost accounting and compliance.

Will NASA follow the trail that DOE is blazing? It remains to be seen.