

DCAA Gives Back Audit Work to Canadian Auditors

Written by Nick Sanders
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Hmm. If we didn't know better, we might think that common sense was breaking out at the Pentagon.

Remember [this story](#) we published back in November, 2012? In it, we told you about a change in audit cognizance. DCAA was taking over audit work that had previously been performed by PWGSC—Canadian auditors. DCAA was scheduled to begin performing “the same pre-award and post-award range of audit services [on Canadian companies] that DCAA conducts for U.S. Government contractors.”

Yeah, we thought that was pretty stupid.

It's no longer a hush-hush secret that DCAA is unable to perform the audits that it's required to perform. Even resetting the dollar thresholds associated with proposal audits, so that only the highest dollar value proposals were audited, didn't help. Even creating a “risk-based” approach to audits of contractors' proposal to establish final billing rates (incurred cost audits), so that only the highest dollar value submissions were subject to audit, didn't help.

Oh, sure. When the GFY 2012 DCAA Report to Congress is submitted circa next February, the agency will be sure to report progress. No doubt its backlog of some 25,000 incurred cost audits will be lower. But the numbers won't obscure the fact that DCAA can no longer perform its audit workload. Opinions as to why that's the case vary. But our opinion is that DCAA's approach to complying with Generally Accepted Government Audit Standards (GAGAS) is fatally flawed. Plus we think there are some other management issues that we'll skip over for now (having published our thoughts on those issues in the past).

Regardless of the root cause, it's clear that DCAA cannot get its work done. And so, when we heard that DCAA was *taking on even more work*, we thought that was an absurd decision. Which is what we wrote.

But now, common sense seems to have broken out. The previous decision is being reversed and the Canadian audit work is being returned to the Canadian auditors. See the DPAP Memo [here](#)

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Effective July 1, 2013, the previous policy is being officially rescinded. No reason was given for the about-face. And really, who cares?

This is a good thing for DCAA, whose auditors now have one less thing to worry about.