

The Definitive Guide to DCAA Audit Prep and Lasting Compliance Success

Few things are more important for government contractors than meeting your compliance obligations. This checklist will provide you with everything you need to prepare for Defense Contract Audit Agency (DCAA) audits and maintain long-term compliance. By following these steps, you'll strengthen your audit readiness and minimize future risks.



Pre-Audit Preparation

☐ Prepare your accounting system

Start your pre-audit prep by implementing and configuring your DCAA-complaint accounting system. If you are a Deltek Costpoint user, it's easy to deploy government-specific modules,ⁱ tailor how you segregate direct and indirect costs, and set-up project-based cost tracking.

☐ Establish timekeeping and document procedures

Activate Costpoint's timekeeping features to enable real-time validation and approvals and configure employee self-service time entry portals.ⁱⁱ It is also wise to define documentation standards for contracts and create retention policies that mandate a minimum of four years.ⁱⁱⁱ

☐ Organize all documents

It's important to centralize and back up all documents at this stage. Deltek Costpoint's Capture & Contracts module can help you store all contract and subcontract documentation, make modifications, and streamline traceability and reporting.^{iv}

☐ Maintain DCAA-compliant accounting records

Don't forget to maintain comprehensive documentation of all direct/indirect costs, including internal policies outlining your compliance with Federal Acquisition Regulation (FAR) and Cost Accounting Standards (CAS).

☐ Conduct internal reviews

Further strengthen audit readiness with Costpoint's audit trails.^v The system's internal controls validate timekeeping data, cost allocations, billing calculations and more, showing who made changes and why. Costpoint also simplifies GL-to-project reconciliations, ensuring alignment between project cost reports and your general ledger.^{vi}

☐ Prepare your team

Preparing for DCAA audits requires all hands-on deck. Establish a well-trained audit response team with clear communication protocols and strong knowledge of DCAA policies.^{vii} With these resources in place, you'll be better positioned to respond promptly to auditor questions or requests.



Tips for Ensuring Ongoing Compliance Success

□ Stay current with regulatory changes

The world of regulatory compliance can change quickly. To stay aligned, subscribe to the FAR newsletter,^{viii} which routinely disseminate updates. You should also review regulatory changes on a quarterly basis and update internal policies to reflect new developments.

□ Maintain your accounting system

DCAA audit-readiness is a year-round activity. Luckily, with solutions like Costpoint, you'll always be ready to go. Use its tools to run monthly audit-trails, indirect rate monitoring and GL-to-project reconciliations, and regularly back up your system to ensure data accessibility.^{ix}

□ Partner with a compliance expert

Partnering with a financial management firm like Premier Consulting & Integration (PCI) can further enhance audit-readiness. Founded by former government contracting professionals, PCI brings first-hand knowledge, best practices and decades of collective experience to help teams improve operations and maintain alignment with both DCAA and broader frameworks.^x

□ Optimize your tools

A consulting partner like PCI can customize your accounting system to meet your team's exact specifications and unlock its full potential. PCI's experts will conduct a comprehensive system review, provide tangible recommendations for improvement and guarantee it meets all DCAA recommendations right out of the gate.^{xi}

□ Enhance documentation and controls

Continuously improving internal workflows is critical to compliance. PCI can provide you with action plan for digitizing records, automating backups, and establishing standardized approval workflows—all from within your Costpoint system.^{xii} Taking these steps in advance is the best way to scale your firm while meeting and exceeding DCAA stipulations.

□ Put yourself to the test

Don't wait until you are facing a live audit to put your compliance to the test. Instead, test your readiness with mock audits. Working with a consultancy expert like PCI can make this especially valuable. We will help you better identify gaps, train staff to respond to auditors and help instill a compliant culture.

Your Partner in DCAA Audit-Readiness

Navigating DCAA audit preparation can be a formidable challenge for any team. At PCI, our experts have specialized knowledge and a proven track record of helping government contractors maintain DCAA compliance while leveraging Deltek Costpoint's powerful features to maximize ROI.

Experience peace of mind with PCI. Schedule your consultation today and let us make your operations comfortable, audit-ready, and fully DCAA compliant.

ⁱ<https://www.deltek.com/en/government-contracting/costpoint>

ⁱⁱ<https://www.deltek.com/en/government-contracting/costpoint/time-and-expense>

ⁱⁱⁱ<https://www.acquisition.gov/far/subpart-4.7#:~:text=Under%20this%20circumstance%2C%20the%20retention,payment%2C%20whichever%20period%20expires%20first.>

^{iv}https://help.deltek.com/product/Costpoint/8.2/GA/Contracts_Domain.html

^vhttps://help.deltek.com/product/deltekps/1.1/cf_enable_audit_trail.html

^{vi}https://learning.deltek.com/bundle/Costpoint/page/blx_Costpoint_Billing.html

^{vii}<https://www.diener.org/audit-readiness-preparing-for-dcaa-and-other-government-audits/>

^{viii}<https://www.gsa.gov/policy-regulations/policy/acquisition-policy/office-of-acquisition-policy/governmentwide-acq-policy/regulatory-secretariat-division#farnews>

^{ix}<https://www.deltek.com/en/government-contracting/costpoint/project-accounting>

^x<https://pci.us/industries/government-contracting/>

^{xi}<https://pci.us/industries/government-contracting/>

^{xii}https://help.deltek.com/Product/Costpoint/8.0/GA/Costpoint_WorkFlow_Overview.html