



CPAs & ADVISORS

DCAA's Annual Update

Tuesday, February 24, 2026

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GRF

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Meet Today's Presenters



Paul Calabrese

Principal, GRF



Peggy Galindo

Customer Specialist, DCAA



Cy Alba

Partner, PilieroMazza





Housekeeping

Additional Information

Learning Objective To provide attendees with an overview of DCAA's recent updates and guidelines.	Instructional Delivery Methods Group Internet-based
Recommended CPE 1 CPE Credit	Recommended Fields of Study Auditing (Governmental)
Prerequisites None required	Advance Preparation None
Program Level Basic	Course Registration Requirements None
Refund Policy No fee is required to participate in this session.	Cancellation Policy In the event that the presentation is cancelled or rescheduled, participants will be contacted immediately with details.

Complaint Resolution Policy

GRF CPAs & Advisors is committed to our participants' 100% satisfaction and will make every reasonable effort to resolve complaints as quickly as possible. Please contact nmcelveen@grfcpa.com with any concerns.

Disclaimer

This webinar is not intended as, and should not be taken as, financial, tax, accounting, legal, consulting or any other type of advice. Readers and users of this webinar information are advised not to act upon this information without seeking the service of a professional accountant.

About PilieroMazza

PilieroMazza – a business law firm – serves as a strategic partner to government contractors and commercial businesses from across the United States. We deliver results for our clients by implementing legal and business solutions that take the client’s best interests into consideration. Moreover, PilieroMazza’s efficient operational structure and lean approach to staffing matters translates into competitive pricing for our clients, while providing the highest standard of client service and legal acumen.

PilieroMazza is privileged to represent clients in the following areas:

- Audits & Investigations
- Bid Protests
- Business & Transactions
- Business Succession Planning
- Construction
- Corporate Compliance and Ethics
- Corporate and Organizational Governance
- Cybersecurity & Data Privacy
- Debt Financing
- Employee Incentive and Bonus Plans
- False Claims Act
- Fund Formation & Structuring
- Government Contracts
- GSA Federal Supply Schedules
- Intellectual Property & Technology Rights
- Labor & Employment
- Litigation & Dispute Resolution
- Mergers & Acquisitions
- Native American Law & Tribal Advocacy
- Nonprofits
- Private Equity & Venture Capital
- REAs, Claims and Appeals



About GRF CPAs & Advisors

Advancing

TALENT, CLIENTS and COMMUNITIES

Proudly independently
owned and operated

200+
Staff

35
Partners and
Principals

1,600+
Nonprofit
Clients

1,000+
Audits
Performed
Annually



Nonprofit State of the Union



DCAA Overview

Ms. Peggy Galindo
Customer Specialist – Small Business
Coordinator

February 24, 2026



**DEFENSE CONTRACT
AUDIT AGENCY**

One Agency, One Team, One Direction

Topics

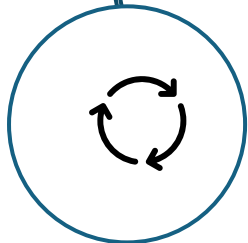
- DCAA Overview
 - Who we are
 - Mission and Vision
- Reorganization
- Fiscal Year (FY) 2026 Initiatives



DCAA - Who We Are



Conduct contract audits of contractors and provide related financial services for the and other federal entities responsible for acquisition and contract administration.



Audit all stages of the contract life-cycle



Provide oversight of contractors and issue more than 2,400 audit reports annually (more than \$450 billion of contractor costs)

Responsible for Contractor Cost Oversight



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DCAA Mission

DCAA delivers contract audit and advisory services that exceed our customers' expectations to promote timely acquisition decisions and maximize buying power so has the necessary capabilities to deter current and emerging threats.



DCAA Vision

As the premier leader in contract audit and advisory services, we deliver unparalleled value, agile solutions, and data driven insights in support of our nation's defense needs.



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Polling Question #1

Are you still listening?

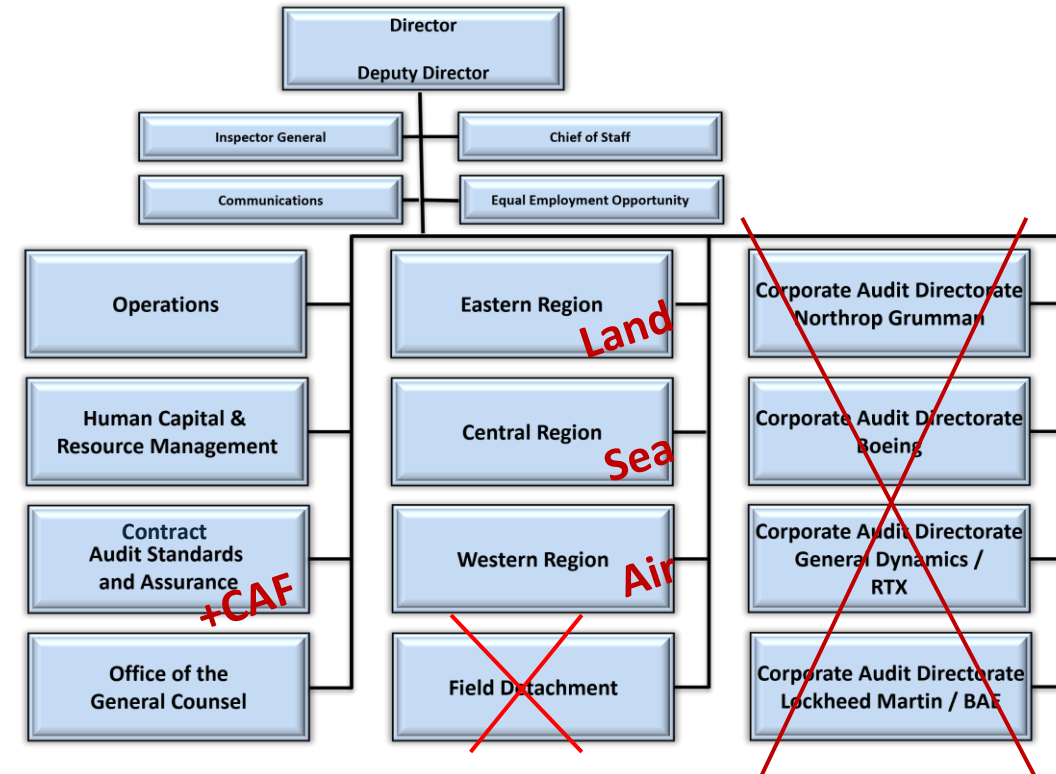
Next Topic:

How much did the DOGE cuts impact the DCAA's workforce?

Were there any reductions in your workforce?

Reorganization

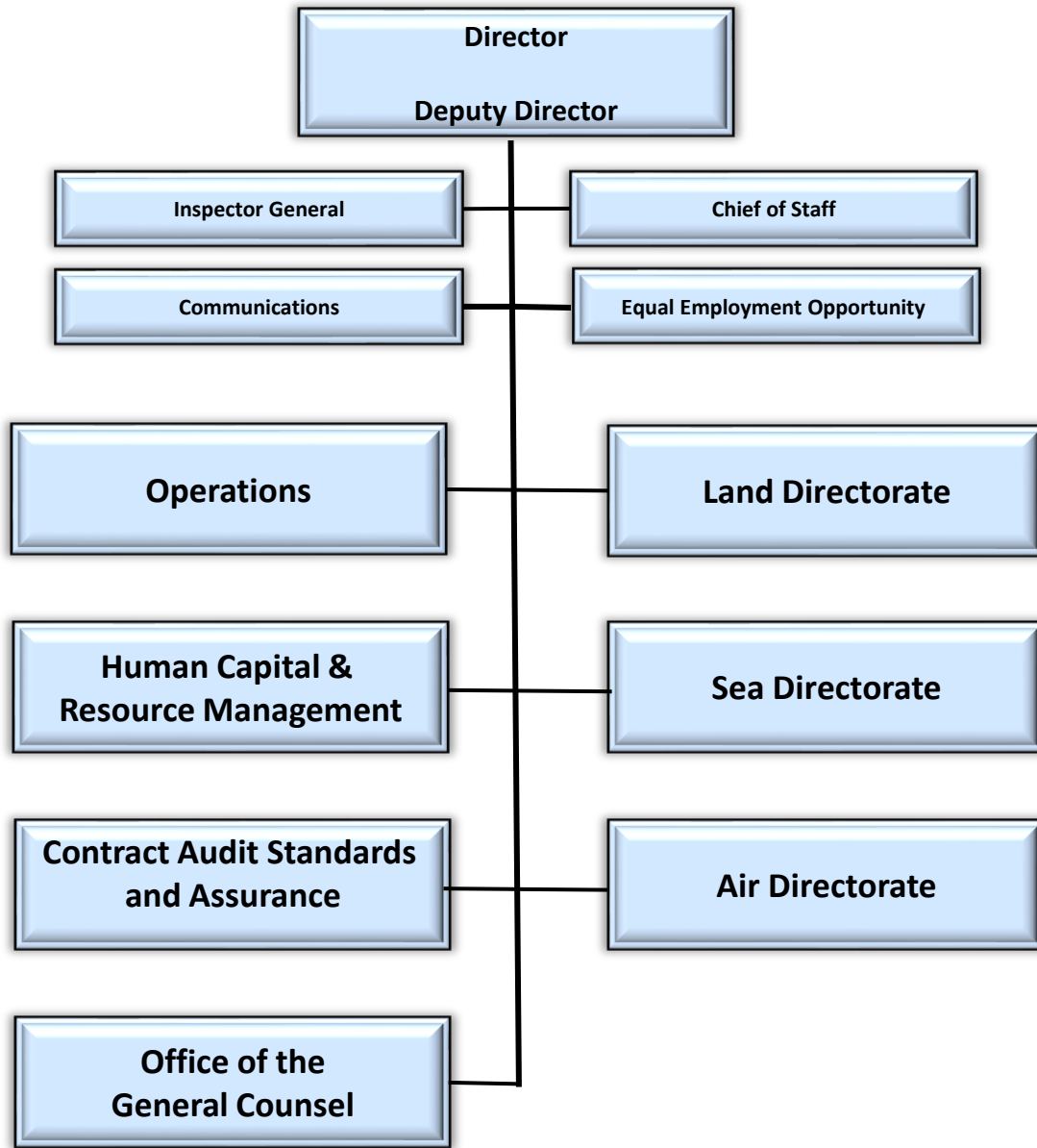
- Consolidating locations
 - Currently have 220 Offices across the US
 - Closing or merging 40 in FY 2025
- Merging CADs, FD and Regions into new Directorates
 - Eliminates one layer of management
 - Focus on military Service – Land, Sea, Air
 - Maintains goodness of CAD structure inside new Directorate
 - Financial Liaison Auditors (FLA) assigned to Directorate most closely related to their customer
 - FD FAOs assigned to Directorates to provide corporate-wide view
- Creating Centralized Audit Function (CAF) for surge and specialized audits



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Complete NLT September 30, 2025

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DCAA Future Structure

NLT September 30, 2025

- Includes***
- Former Central Region FAOs
 - Lockheed Martin
 - RTX
 - Chicago Branch Office

- Includes***
- Former Eastern Region FAOs
 - General Dynamics
 - BAE
 - Gulf Coast Branch Office
 - Florida Branch Office

- Includes***
- Former Western Region FAOs
 - Northrop Grumman
 - Boeing
 - L3



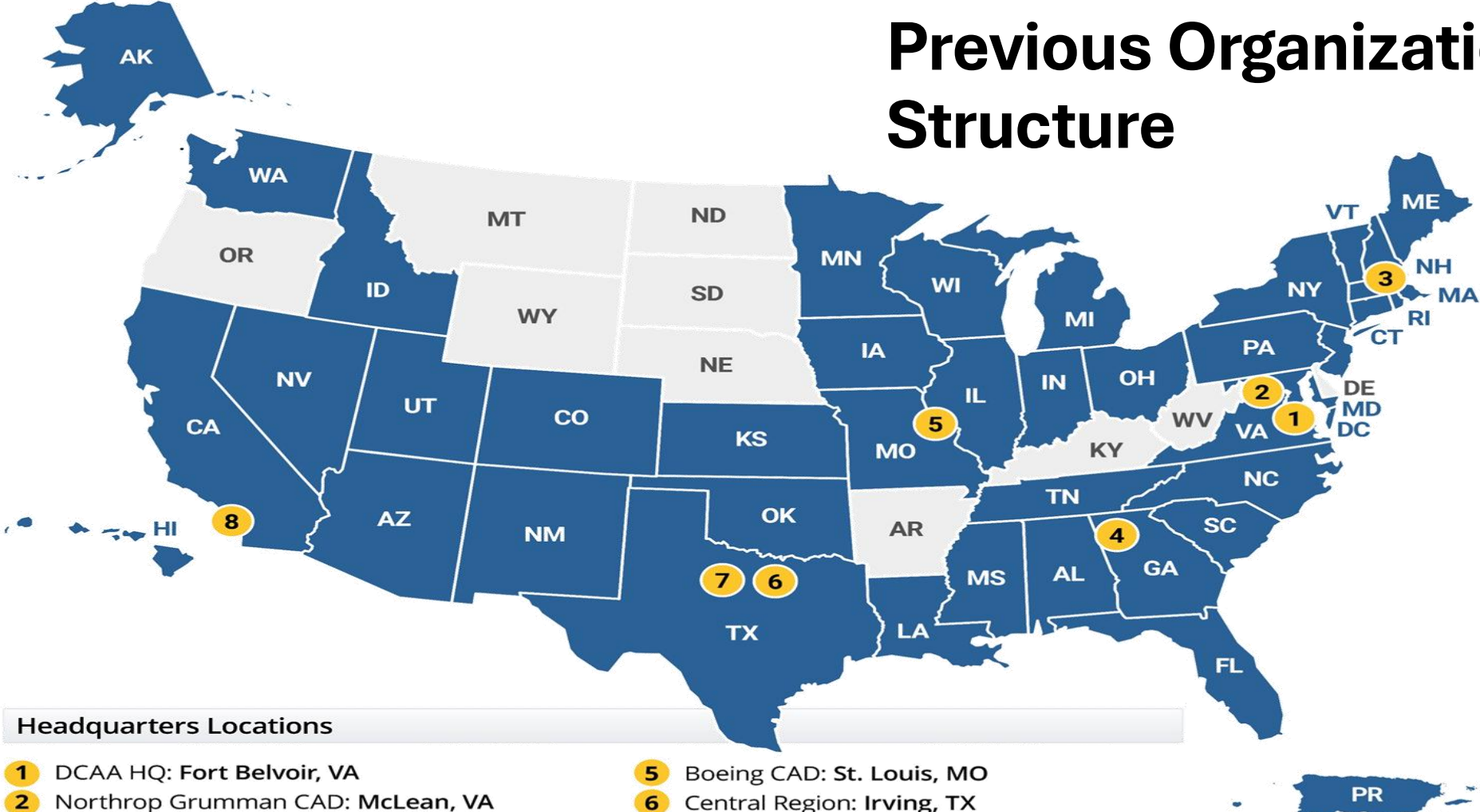
*Select former Field Detachment Offices



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Previous Organizational Structure



Headquarters Locations

- 1** DCAA HQ: Fort Belvoir, VA
 - 2** Northrop Grumman CAD: McLean, VA
 - 3** General Dynamics/Raytheon Technologies CAD: Lowell, MA
 - 4** Eastern Region: Smyrna, GA
 - 5** Boeing CAD: St. Louis, MO
 - 6** Central Region: Irving, TX
 - 7** Lockheed Martin/BAE CAD: Ft. Worth, TX
 - 8** Western Region: La Palma, CA
- Not shown: Field Detachment



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LEGEND

-  DCAA HEADQUARTERS: FORT BELVOIR, VA
-  AIR HEADQUARTERS: ANAHEIM, CA
-  LAND HEADQUARTERS: IRVING, TX
-  SEA HEADQUARTERS: RESTON, VA



**DE
AUDIT AGENCY**

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Benefits

- Employees
 - More Engaged Workforce
 - More opportunity for workforce
 - Enhanced employee development thru exposure to variety of audits
- Customers and Contractors
 - Easier to find audit location
 - More consistent experience
 - Reduce layers of management
- Efficiency
 - Cost Savings (leases, support equipment, etc.)
 - Maintains CAD network inside of Directorates without infrastructure



Centralized Audit Function (CAF)

- Streamline DCAA services
- Engagements managed by CAF, performed by audit teams
- Creates efficiency and consistency through single focus and management structure
- Drive meaningful improvements across DCAA
- Government Furnished Property (GFP) and Truth in Negotiations (TIN) focus initially



Polling Question #2

Are you still listening?

Next Topic:

Did the Government Shutdown last Fall cause delays with the timing of Incurred Cost Audits? Will you be using more Independent Accounting Firms to catch up Incurred Cost Audits?

DCAA FY 2026 Initiatives



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Government Furnished Property: Supporting FIAR and Compliance

- Supports the Department-wide Financial Improvement and Audit Remediation strategy to address long-standing material weakness related to Government property in the possession of contractors.
- Substantiate existence and completeness of government property.
 - Book to Floor (B2F): From list and by location/site, sample items to further observe and validate
 - Floor to Book (F2B): At same B2F locations, validate items on floor back to list



Government Furnished Property

- Recurring meetings established with DoD OIG, service audit agencies and DCAA
- Agreement reached with DoD OIG, KPMG and EY on reliance of DCAA procedures to inform risk and reduce additional testing by IPAs
- Pilot is on track
 - Reports for 3 nonmajor contractors issued September 26
 - Major Contractor testing complete with anticipated report issuance in October
- GFY 26 Rollout
 - Working with A&S, service audit agencies, and DCMA to determine full DoD universe and identify the contractors material to the financial statements.



Polling Question #3

Are you still listening?

Next Topic:

Can you explain that the TINA audits kick in if the contractor has signed a certificate of cost or pricing data?

Truth in Negotiations (TIN) Audits

- Increased resources dedicated to these audits
- Database in development to allow for consolidation of leads and prioritization of audits
- CAF TiN Team Coordination of Audits
 - Identify and Vet High Risk Contracts
 - Emphasizing Audits Based on Risk
 - Ensure Consistency in Performance
 - Efficient Execution Of Audits
 - Provide Technical Assistance and Training



TINA Lite Support

- Assist PCO in understanding “what data is readily available” and “what constraints exist”, if any, in gathering requested historical data.
 - Provide input to PCO on deviation language-based knowledge of contractor systems
- Understanding of contractor’s actual costs/system
- Perform audit or advisory services in support of TINA Lite pricing action



Advisory Services

- Advisory services are professional services provided by DCAA to offer information or data to customers. These services support our customers' decisions such as procurement and acquisition.
- Advisory services provided by DCAA are unlike audit or attestation engagements because advisory services do not provide any level of assurance regarding a contractor's assertion or submission, nor does it provide a factual account of results through application of agreed-upon procedures.
- DCAA's advisory services are not conducted in accordance with GAGAS.



Polling Question #4

Are you still listening?

Next Topic:

Are there any procurement programs like the F-35 that DCAA has been requested support for OTAs?

OTA: Possible DCAA Support

Solicitation

- Assistance with solicitation language

Pre-Award

- Evaluation of contractor's proposal
- Assistance with agreement language

Post-Award

- Establishment of provisional billing rates or final indirect rates, as applicable
- At any point in which an audit or review of cost is wanted/needed.
- If/when specific risks are noted in performance of the award that the USG believes could have a cost-impact.

Close-Out

- Processing Final Voucher for payment
- Indirect Rate Settlement



Areas Outside Current Focus

- Contractor Information Surveys
- Material and Labor Floorchecks
- Post Award Accounting Systems
- Cost Accounting Standards



Questions/Comments



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