

Publications

April 17, 2025 • Updates

Incoming Defense Contract Audit Agency Reorganization

On April 7, 2025, the Defense Contract Audit Agency (DCAA) announced a comprehensive reorganization plan aimed at consolidating its Region and Corporate Audit Directorates (CAD) into three primary Directorates in response to increased pressures to reduce costs and improve efficiency. For context, the DCAA provides audit and financial services to the Department of Defense (DoD) and certain other federal government agencies. The DCAA plans to complete the reorganization by September 30, 2025, if not sooner.

As an overview, the proposed reorganization plan aims to reduce the number of DCAA field offices, streamline administrative structures and refocus operations to better align with DoD needs. DCAA plans to close and consolidate 40 offices, immediately impacting approximately 160 employees. Further, there will be a new organizational structure including a central headquarters and three primary Directorates – Land, Sea and Air. The audit offices of the CADs will be merged into one of the aforementioned primary Directorates.

Although the DCAA's reorganization is meant to result in greater efficiencies, the impact is unclear at this time but may influence audit processes and potentially the frequency of audits. Contractors should stay informed and remain proactive to ensure compliance with future DCAA changes.

Polsinelli will be closely following movements by the DCAA. If your business needs strategic guidance or anticipates potential impacts resulting from the new announcement, contact the authors of this article.

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