



**DEFENSE CONTRACT AUDIT AGENCY**  
8725 JOHN J. KINGMAN ROAD, SUITE 2135  
FORT BELVOIR, VA 22060-6219

IN REPLY REFER TO

PSP 730.5.04

December 3, 2024  
24-PSP-009 (R)

MEMORANDUM FOR REGIONAL DIRECTORS, DCAA  
CORPORATE AUDIT DIRECTORS, DCAA  
ASSISTANT DIRECTORS, HQ, DCAA

SUBJECT: Audit Alert on Contractor Compensation Cap – Statutory Fiscal Year 2025

**What You Need to Know**

As prescribed in Section 702 of the Bipartisan Budget Act of 2013 (BBA; Pub. L. 113-67), dated December 26, 2013, the Office of Federal Procurement Policy published the compensation cap amount for the Statutory Fiscal Year 2025. CAM 6-414.7 was updated to include the BBA compensation cap amount for CY 2025.

**What Auditors Need to Do**

Auditors should use the following cap amount in evaluating all contractor employee compensation costs proposed during 2025 applicable to contracts awarded on or after June 24, 2014:

<b>BBA Contractor Compensation Cap for Contracts Awarded after June 24, 2014 (FAR 31.205-6(p)(4))</b>	
<b>For Costs Incurred</b>	<b>Cap Amount</b>
1/1/2025 - 12/31/2025	\$671,000

**Questions and Further Information**

FAO personnel with questions regarding this audit alert should contact their Regional or CAD offices. Regional/CAD personnel with questions regarding this audit alert should contact Ms. Michelle Ramsey, Program Manager, Policy Pricing and Special Projects (PSP) Division via email at [dcaa.belvoir.hq.mbx.dcaa-psp@mail.mil](mailto:dcaa.belvoir.hq.mbx.dcaa-psp@mail.mil).

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