DEFENSE CONTRACT AUDIT AGENCY
CONTRACT AUDIT STANDARDS AND ASSURANCE DIRECTORATE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219

CCLD 730.5

August 19, 2026
26-CCLD-004(R)

MEMORANDUM FOR DIRECTORATE DIRECTORS, DCAA ASSISTANT DIRECTORS, HQ, DCAA

SUBJECT: Audit Alert on the Increase to Cost Accounting Standards (CAS) Monetary Thresholds

What You Need to Know

On July 30, 2026, The Defense Pricing, Contracting, and Acquisition Policy (DPCAP) issued a Memorandum revising and superseding the Class Deviation 2026-O0006, issued on December 18, 2025 (Ref. DARS Tracking Number: 2026-O0006, Revision 1). This revision implements certain sections of Section 1806 of the 2026 National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2026 (Pub. L. 119-60). This deviation immediately requires contracting officers to use the revised FAR Overhaul Part 30 CAS Administration in lieu of 48 CFR 99 (Revolutionary FAR Overhaul | Acquisition.GOV) and Defense FAR Supplement DFARS Part 230 CAS Administration and DFARS Procedures, Guidance, and Information (PGI) 230 (DPCAP | Defense Acquisition Regulations System | DFARS/PGI).

While the 2026 NDAA introduced several changes, the DPCAP memorandum focuses on the changes to CAS exceptions, applicability thresholds, disclosure statement requirement threshold and the CAS waiver threshold as shown below.

- **Exemptions**: The exemptions previously linked to the Truth in Negotiations Act (TINA) threshold and the $7.5 million "trigger contract" concept are eliminated.

- **CAS Coverage**: If none of the CAS exemptions apply, contracts and subcontracts that are greater than $35 million are CAS covered.

  - **Full CAS Coverage**: Applies to contracts of $100 million or more, or prior year net CAS-covered awards were more than $100 million. The contractor's cost accounting practices must comply with all standards.

  - **Modified CAS Coverage**: Applies to contracts and subcontracts that are greater than $35 million but less than $100 million and prior year net CAS-covered awards were less than $100 million. The contractor's cost accounting practices must comply with the four fundamental standards (CAS 401, 402, 405 and 406).

- **Disclosure Statement Requirements**: Any business unit that is awarded a fully CAS-covered contract or subcontract greater than $100 million must submit a Disclosure Statement.

- **CAS Waivers**: The head of an executive agency CAS waiver authority threshold was increased from $15 million to $100 million.

What Auditors Need to Do

As applicable, auditors must take the following actions:

- **Existing Audits**: Coordinate with the Cognizant Federal Acquisition Official (CFAO) to determine the need to continue CAS audits. Keep in mind the CAS coverage (full/modified) of prior awards will not change. However, the need for an initial Disclosure Statement audit may change based on the date of award and the CAS Clause. If there is uncertainty regarding the continuation of an audit, coordinate with your Directorate office and Contract Audit Standards and Assurance (CASA) Directorate as needed.

- **New Audits**: Before accepting a Disclosure Statement engagement or establishing a comprehensive CAS compliance audit verify that the business unit or segment has CAS covered contracts that require a Disclosure Statement and that the standard applies to those contracts and subcontracts.

- **Resolution of Existing Noncompliance**: Continue to work with the CFAO to resolve any material CAS noncompliance.

Questions and Further Information

The Cost Accounting Standards Board is expected to issue a final rule that will provide further clarification on these new monetary thresholds. Accordingly, CASA will issue further guidance after this final rule is published. Branch office personnel with questions regarding this memorandum should contact their Directorate offices. Directorate personnel with questions regarding this memorandum should contact the CASA CAS and Legislation Division (CCLD) via email at dcaa.belvoir.hq.mbx.casa-ccld@mail.mil.

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Jennifer L. Quinones
Assistant Director
Contract Audit Standards and Assurance
Defense Contract Audit Agency