

DFARS OVERVIEW

Understanding Defense-Specific Contracting Rules & Expectations

The Defense Federal Acquisition Regulation Supplement (DFARS) adds defense-specific rules to the Federal Acquisition Regulation (FAR). These requirements apply to many Department of Defense (DoD) contracts and impose additional compliance, cybersecurity, supply-chain, and performance obligations beyond standard federal contracting.

This overview explains what DFARS is, when it applies, and why it matters, at a high level.

What Is DFARS?

DFARS is a supplement to the FAR that governs DoD-specific procurement. It does not replace the FAR but rather adds mandatory clauses, restrictions, and obligations that apply only to defense contracts.

If a contract includes DFARS clauses, compliance is not optional, regardless of business size or experience level.

When DFARS Applies

DFARS requirements may apply in various instances, such as when:

- The customer is the Department of Defense or a DoD component
- A solicitation or contract explicitly incorporates DFARS clauses
- A subcontract flows down DFARS obligations from a prime contractor
- The work involves covered defense information, controlled technical data, or sensitive supply chains

Many businesses encounter DFARS first as subcontractors, not primes.

Key Areas Governed by DFARS

DFARS commonly introduces requirements related to these areas:

- Cybersecurity & information protection
- Supply chain sourcing and country-of-origin restrictions
- Reporting and audit rights
- Flow-down obligations to subcontractors
- Performance, quality, and inspection standards

Failure to understand these areas early can create compliance risk, termination exposure, or payment issues.

DFARS vs FAR (High-Level)

- FAR governs general federal procurement
 - DFARS governs defense-specific procurement
 - DFARS clauses override FAR clauses when both apply
 - Contractors must comply with both simultaneously
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Small Business Considerations

Small businesses are **not exempt** from DFARS requirements. While certain thresholds or phased requirements may apply, defense contracting generally expects:

- mature internal controls,
- disciplined documentation,
- and readiness to operate under audit-capable conditions.

Certifications or size status do not reduce DFARS obligations.

Why DFARS Readiness Matters

DFARS noncompliance can result in:

- contract termination,
- payment delays,
- adverse past performance,
- False Claims Act exposure,
- exclusion from future defense work.

Defense contracting rewards preparation and discipline, not speed.

Key Takeaway

DFARS should be treated as a readiness gate, **not** an afterthought. Businesses should assess internal controls, cybersecurity posture, and subcontractor management before pursuing defense opportunities.

***Disclaimer:** This overview is provided for informational and planning purposes only and does not replace contract clauses, solicitation requirements, or legal review.*