Understanding FAR vs DFARS: Key Differences for DoD Contractors

Why FAR and DFARS Matter in Federal Contracting

If you have worked with any federal contract, you have likely heard the terms FAR and DFARS tossed around. They are the rulebooks for how the government buys things and how contractors must behave. But knowing the difference between the two is not just academic. It can mean the difference between a clean audit and a notice of noncompliance. I have spent years helping small and midsize contractors sort through these rules, and one of the first questions I always get is about the far vs dfars distinction. It is a fair question, because the two sets of regulations overlap in some areas and diverge in others.

The Federal Acquisition Regulation, or FAR, is the primary set of rules for all executive agencies. It covers everything from competition requirements to contract administration. The Defense Federal Acquisition Regulation Supplement, or DFARS, is an add-on. It applies only to the Department of Defense and its contractors. DFARS does not replace FAR. It adds extra requirements that are specific to defense work. So when people ask about far vs dfars, they are really asking how deep the extra layer goes and what it means for their daily operations.

The Core Purpose of Each Regulation

FAR exists to create a uniform system across the federal government. It sets standards for procurement integrity, competition, and contractor responsibilities. If you are bidding on a contract from the Department of Energy or the Department of Health and Human Services, you follow FAR. The rulebook is long, but it applies broadly. DFARS, on the other hand, was created because the DoD has unique needs. National security, export controls, and classified information add a layer of complexity that a one-size-fits-all rule cannot handle.

For instance, DFARS includes special clauses about safeguarding covered defense information and reporting cyber incidents. These clauses do not appear in the standard FAR. If you ignore them, you risk losing a contract or facing penalties. I once worked with a manufacturer who won a DoD subcontract and assumed FAR compliance was enough. They had no idea they needed a DFARS-compliant cybersecurity plan. That oversight cost them weeks of rework and a tense conversation with the prime contractor. Understanding the far vs dfars landscape from the start would have saved them that headache.

Scope and Applicability

FAR applies to all federal agencies unless a specific exception exists. DFARS applies only to DoD acquisitions and contracts that flow from DoD funds. In practice, this means if you are a subcontractor on a defense project, you will likely have DFARS clauses flow down to you. The prime contractor includes them in the subcontract, and you must comply. The same is not true for non-defense contracts. So if your company works across both civilian and defense agencies, you need to know which rules apply to which contract.

One common trap is assuming that a clause labeled "FAR" is all you need to read. Many DFARS clauses reference FAR parts but add extra conditions. For example, FAR Part 12 covers contract terms and conditions. DFARS Part 212 then adds DoD-unique clauses. If you only read the FAR version, you miss the extra requirements. That is why the far vs dfars comparison is not just a theoretical exercise. It is a practical checklist for contract compliance.

Key Differences in Content

Let me highlight three major areas where DFARS diverges from FAR.

First, cybersecurity. FAR does not generally mandate specific cybersecurity standards for contractors. DFARS does. It requires contractors to implement NIST SP 800-171 controls and report cyber incidents to the Defense Cyber Crime Center. That is a significant operational lift for many small businesses. I have seen companies struggle to inventory their systems and implement multi-factor authentication just to meet DFARS. FAR never asks for that level of detail.

Second, cost accounting. FAR has cost principles for all contracts, but DFARS adds more stringent requirements for cost accounting and allowability. If you have a cost-reimbursement contract with the DoD, you need to track costs in a way that satisfies both FAR and DFARS rules. The DFARS supplement includes additional guidance on allowable costs for things like independent research and development, or IR&D, and bid and proposal costs. The nuance matters during an audit.

Third, export controls. DFARS includes clauses that reference the International Traffic in Arms Regulations, or ITAR. Contractors handling defense articles must comply with ITAR, and DFARS makes that a contractual requirement. FAR does not do this. A contractor working on a civilian contract might never touch ITAR. But under a DoD contract, it becomes a mandatory part of the job. The far vs dfars distinction here is stark: one set of rules assumes no defense-sensitive data, the other assumes it is present.

Practical Compliance Strategies

So what do you do with this information? First, you should map every contract you hold to the correct regulatory framework. For each contract, note whether it is FAR only or FAR plus

DFARS. This simple step prevents mix-ups. I recommend creating a compliance matrix that lists the applicable clauses and their requirements. Then you can check off each one as you implement it.

Second, invest in training. Your contracts team should know the difference between a FAR clause and a DFARS clause. They do not need to memorize every subpart, but they should recognize when a clause comes from the supplement. Many contractors use a compliance software tool that automatically flags DFARS-only clauses. That can save time and reduce errors.

Third, plan for audits. DFARS compliance often means more documentation. Keep files organized and accessible. If you are audited by the Defense Contract Audit Agency, or DCAA, they will look for evidence that you followed both FAR and DFARS rules. A clean audit starts with a solid understanding of far vs dfars requirements from day one.

Common Misconceptions

One misconception is that DFARS only matters for large primes. Actually, DFARS clauses flow down to subcontractors of any size. A small machine shop that makes parts for a defense contractor must still comply with DFARS cybersecurity rules. Another misconception is that FAR and DFARS are interchangeable. They are not. You cannot use a FAR clause to satisfy a DFARS requirement. Each rulebook stands on its own, and you must follow the one that applies.

Some contractors also think that if they have a commercial item contract, DFARS does not apply. That is not always true. Certain DFARS clauses apply to commercial items, especially those related to cybersecurity and export controls. Always check the contract terms. Do not assume a commercial designation exempts you from all supplements.

Tools and Software for Managing Compliance

Given the complexity, many contractors turn to software to manage compliance. A good system will let you compare clauses across FAR and DFARS, track which clauses apply to which contracts, and generate reports for audits. Some tools even integrate with your accounting system to ensure cost tracking meets DFARS standards. If you handle multiple DoD contracts, a software solution can save you from manual errors.

But software is not a substitute for understanding. You still need someone on your team who can interpret the rules. I have seen companies buy expensive compliance tools and still fail audits because nobody read the actual clauses. The tool helps with organization, but the human judgment is irreplaceable.

Final Thoughts

The far vs dfars question is one of the first hurdles contractors face when moving into defense work. The two sets of regulations share a foundation, but DFARS adds a layer of complexity that cannot be ignored. Whether you are a prime contractor or a small subcontractor, understanding the difference is essential for staying compliant and avoiding penalties. Take the time to learn the rules, build your compliance processes, and ask for help when you need it. The effort pays off in smoother contracts and fewer surprises.