Understanding FAR and CAS

Presented by:
Rich Wilkinson - Watkins Meegan
Karen Williams - WJ Technologies
AGENDA

• CAS – The Basics
  – CAS Overview, Applicability and Exemption
  – CAS Flowchart
  – Disclosure Statements
  – DCAA Disclosure Audits

• FAR – The Basics
  – FAR Overview and Applicability
  – Why is FAR Part 31 So Important
  – Contract Clauses To Be Familiar With
  – Cost Principles
  – Key changes to the FAR
The Role of FAR and CAS

• FAR
  – All about ALLOWABILITY
  – Defines when and to what extent costs can be recovered under a government contract

• CAS
  – All about ALLOCABILITY
  – Dictates the way in which a contractor must maintain its accounting system and instructs contractors how to account for certain types of costs; how costs flow to cost objectives
CAS Overview

• Cost Accounting Standards
  – Established by Public Law in 1970 as an agency of Congress
  – CAS Board re-established in 1988 within the Office of Federal Procurement Policy (OFPP) which is under the Office of Management and Budget (OMB)
    • OFPP Administrator Chairman
    • 2 Industry Members (one from industry and one from accounting), 2 Government Members (DOD and GSA)

• Promote Uniformity and Consistency
  – Measurement
  – Allocability

• Condition for Contract Award
  – Now applicable to all contracts
    • Previously just National Defense Contracts

• Basic requirements
  – Disclose Accounting Practice
  – Follow Accounting Practice
  – Comply with Standards (19 in all)
CAS Applicability

• Full Coverage
  – Awards estimated to exceed $50 Million, including option amounts
  – File Disclosure Statement
  – Comply with all standards

• Negotiated Contracts and Subcontracts
  – Exceeding $650,000
    • Includes options

• CAS coverage at award remains for life of contract

• Modified Coverage
  – Awards from $7.5M up to $50 Million
  – May require Disclosure Statement
  – CAS 401, 402, 405 & 406 only

• Negotiated Contracts and Subcontracts
  – Exceeding $650,000
    • Includes options

• CAS coverage at award remains for life of contract
EXEMPTIONS FROM CAS

• Sealed bid contracts
• Negotiated contracts and subcontracts (including interdivisional work orders) less than $650,000
• Contracts and Subcontracts with Small Business Concerns
• Contracts and Subcontracts with foreign governments or their agents
  – Foreign Contractors apply CAS 401 & 402
• Contracts and Subcontracts where the Price is set by Law or Regulation
• Firm-Fixed-Price contracts and subcontracts for the acquisition of Commercial Items
EXEMPTIONS FROM CAS cont.

- Contract less than $7.5 million provided that not currently performing a CAS contract of $7.5 million or greater
- Contracts with the UK
- UK follows MOD and files CASB DS-1
- NATO PHM Ship program subcontracts performed outside the US
- Contracts performed outside the US
- Firm Fixed Price Contract awarded on the basis of adequate price competition without cost or pricing data
# CAS Standards Incorporated by FAR

<table>
<thead>
<tr>
<th>CAS Standard Reference</th>
<th>FAR Reference</th>
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</tr>
</thead>
<tbody>
<tr>
<td>401**</td>
<td>31.201-1, 31.203</td>
<td>410</td>
<td>31.203, 31.201-4</td>
</tr>
<tr>
<td>403</td>
<td>31.203, 31.201-4</td>
<td>412</td>
<td>31.205-6</td>
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<tr>
<td>404</td>
<td>31.205-11, 31.201-16</td>
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<td>405**</td>
<td>31.201-2, 31.201-6</td>
<td>414</td>
<td>31.205.10</td>
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<td>31.205-6</td>
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<td>416</td>
<td>31.205-19</td>
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<td>31.205-6</td>
<td>417</td>
<td>31.205-10</td>
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<tr>
<td>409</td>
<td>31-205.11</td>
<td>418</td>
<td>31.203, 31.201-4</td>
</tr>
<tr>
<td>420</td>
<td>31-205.18</td>
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</tbody>
</table>

** denotes the standards that apply when a contractor is subject to modified coverage only
CAS STANDARDS

CONSISTENCY STANDARDS

- **CAS 401** Consistency in Estimating, Accumulating, and Reporting Costs

  (Bid = Book = Bill)
  - FAR reference - 31.201-1, 31.203

- **CAS 402** Consistency in Allocating Costs Incurred for the Same Purpose
  - Cost must be treated the same in like circumstance
CAS STANDARDS cont.

GENERAL STANDARDS

- **CAS 405** Accounting for Unallowable Costs
  - Requires proper segregation, but does not address allowability
    - FAR reference – 31.201-2, 31.201-6

- **CAS 406** Cost Accounting Period
  - Defines contractor’s cost accounting period
    - FAR reference – 31.203
CAS STANDARDS cont.

STANDARDS ON COST ALLOCATION

– **CAS 403** Allocation of Home Office Expenses
  – FAR reference – 31.203, 31.201.4

– **CAS 410** Allocation of Business Unit General and Administrative Expense
  – FAR reference – 31.203, 31.201.4

– **CAS 418** Allocation of Direct and Indirect Costs
  – FAR reference – 31.203, 31.201.4

– **CAS 420** Accounting for Independent Research and Development and Bid and Proposal Costs
  – FAR reference – 31.205.18
CAS STANDARDS cont.

STANDARDS ON PROPERTY

- **CAS 404** Capitalization of Tangible Assets
  - FAR reference 31.205-11, 31.205-16

- **CAS 409** Depreciation of Tangible Capital Assets
  - FAR reference 31.205-11
STANDARDS ON COMPENSATION

– CAS 408 Accounting for the Cost of Compensated Personal Absences
  – FAR reference 31.205-6

– CAS 412 Composition and Measurement of Pension Cost
  – FAR reference 31.205-12

– CAS 413 Adjustment and Allocation of Pension Cost
  – FAR reference 31.205-12

– CAS 415 Accounting for the Cost of Deferred Compensation
  – FAR reference 31.205-6
CAS STANDARDS cont.

COST OF MONEY STANDARDS

– **CAS 414** Cost of Money as an Element of the Cost Facilities Capital

– **CAS 417** Cost of Money as an Element of the Cost of Capital Assets Under Construction
  – FAR reference 31-205-10
DISCLOSURE STATEMENT

• Once you become CAS covered you will be required to submit a Disclosure Statement (Form CASB DS-1) to your ACO to formally document and disclose in writing your cost accounting practices
  – See FAR part 52.230-2 Cost Accounting Standards for additional information

• Preparation of a Disclosure Statement is time consuming but not difficult
  – Parts of the Disclosure Statement:
    • Part I – General Information
    • Part II – Direct Costs
    • Part III – Direct vs. Indirect Cost
    • Part IV – Indirect Costs
    • Part V – Depreciation and Capitalization Practices
    • Part VI – Other Costs and Credits
    • Part VII – Deferred Compensation and Insurance Cost
    • Part VIII – Home Office Expenses
DISCLOSURE STATEMENT cont.

• Great care should be taken when completing a Disclosure Statement because it will be reviewed by DCAA and any future changes to your accounting practices will require a revision to your Disclosure Statement

• In the event of an accounting practice change, you only need to submit the changed part/pages
## Timing of CAS Compliance

<table>
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<tr>
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<td>Consistency in Estimating, Accumulating, and Reporting Costs</td>
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<tr>
<td>402</td>
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<td>Allocation of Home Office Expenses to Segments</td>
<td>Beginning with the contractor’s next full fiscal year beginning after the receipt</td>
</tr>
<tr>
<td>406</td>
<td>Cost Accounting Period</td>
<td>Same as above</td>
</tr>
<tr>
<td>407</td>
<td>Use of Standard Costs for Direct Material and Direct Labor</td>
<td>Same as above</td>
</tr>
<tr>
<td>408</td>
<td>Accounting for Personal Absences</td>
<td>Same as above</td>
</tr>
<tr>
<td>410</td>
<td>Allocation of Business Unit General and Administrative Expense</td>
<td>Same as above</td>
</tr>
<tr>
<td>411</td>
<td>Accounting for Acquisition of Material Costs</td>
<td>Same as above</td>
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<td>415</td>
<td>Accounting for the Cost of Deferred Compensation</td>
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<td>420</td>
<td>Accounting for Independent Research and Development and Bid and Proposal Costs</td>
<td>Same as above</td>
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Timing of CAS Compliance

• Requirements for submission of a Disclosure Statement:
  – Any business unit that is selected to receive a CAS-covered contract or subcontract estimated to exceed $50 million, including option amounts, shall submit a Disclosure Statement before award.
  – Any company which, together with its segments received CAS-covered awards totaling more than $50 million in its most recent cost accounting period shall submit a Disclosure Statement. When a Disclosure Statement is required under this criteria, it must be submitted before award of the first CAS-covered contract in the immediately following cost accounting period. However, if the first covered award is made within 90 days of the start of the cost accounting period, the contractor is not required to file until the end of the 90 days.
DISCLOSURE STATEMENT AUDITS

- DCAA Audit Programs that cover Disclosure Statements (www.dcaa.mil):
  - Audit programs specific for the Disclosure Statement
    - Initial Disclosure Statement
      - Adequacy
    - Follow on Audit
      - Compliance
    - Revisions
      - Both adequacy and compliance

- CAS Cost Impact Proposals (resulting from a change in accounting practice)
FAR OVERVIEW / APPLICABILITY

• Federal Acquisition Regulation - FAR

• The FAR is a system of uniform policies and procedures governing the acquisition and contracting actions of all Executive agencies of the Federal Government

• The FAR is the major difference between contracting with the Federal government and contracting with a commercial entity

• The purpose of the FAR is to ensure that the purchasing procedures of the Government are standard and consistent and applied in a fair and impartial manner

• Test: Every contractor or person who has a contract with the Federal Government is subject to the FAR – True or False?
FALSE!

• Other (non-FAR) Executive Branch acquisition regulations
  – OMB Circular A-21 – Cost Principles for Educational Institutions
  – OMB Circular A-110 – Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations
  – OMB Circular A-122 – Cost Principles for Non-Profit Institutions
  – OMB Circular A-133 – Audits of States, Local Governments and Non-Profit Organizations


• Doing Business with the CBO (Congressional Budget Office) – Legislative Branch (Congress) – 6 pages
FAR OVERVIEW / APPLICABILITY

• Most contracts with the Federal Government are governed by the FAR and each contract will contain specific FAR clauses that are applicable to the contract

• It is your responsibility as a defense contractor to read each of your contracts and to understand each FAR clause referenced in the contract prior to signing the contract

• FAR is applicable when:
  – You Respond to a Solicitation (IFB, RFP, RFQ, RFI)
  – You Receive a Federal Prime Contract
  – You Receive a Subcontract under Federal Prime Contract
  – You Issue a Subcontract under a Federal Prime Contract
FAR AT A GLANCE

- The FAR is organized into Eight Subchapters that contain a total of 52 parts

- Subchapter A – General Information, Parts 1 – 4
- Subchapter B – Competition and Acquisition Planning, Parts 5 - 12
- Subchapter C – Contract Methods and Contract Types, Parts 13 - 18
- Subchapter D – Socioeconomic Programs, Parts 19 - 26
- Subchapter E – General Contract Requirements, Parts 27 – 33
- Subchapter F – Special Categories of Contracting, Parts 34 - 41
- Subchapter G – Contract Management, Parts 42 - 51
- Subchapter H – Clauses and Forms, Parts 52 - 53
Agency Supplements

• Although the intention of the FAR is that is be used by Government wide, most Agencies have created their own Supplements to the FAR

• So in addition to FAR clause reference in a contract, there could also be references to Agency-specific Supplemental regulations

• You must comply with all clauses referenced – both FAR and Agency Supplemental

• Test: Agency Supplemental regulations override FAR provisions to meet Agency-specific requirements – True or False?
FALSE!

• While Agency-specific supplemental regulations can add additional requirements over and above those of the FAR, they can NEVER override the FAR to materially change a FAR provision of any kind

• Examples
  – Agency regulations can add source selection or competition requirements, but cannot delete or reduce them
  – Agency regulations can add additional contract clauses, but the effect of those clauses cannot contravene those of the FAR clauses
Agency Supplements cont.

A few of the agency-specific supplemental regulations are:

- AGAR (Agriculture Acquisition Regulation)
- DEAR (Dept of Energy Acquisition Regulation)
- DFARS (Defense FAR Supplement)
  - AFFARS (Air Force FAR Supplement)
  - AFARS (Army FAR Supplement)
  - NFARS (Navy FAR Supplement)
  - DARS (Defense Information Systems Agency (DISA) Acquisition Regulations)
  - DLAD (Defense Logistics Acquisition Directive)
- DIAR (Dept of Interior Acquisition Regulation) and DIG (Dept of Interior Acquisition Guidance)
- EDAR (Dept of Education Acquisition Regulation)
- GSAR (GSA Acquisition Regulation)
- HHSAR (Health & Human Services Acquisition Regulation)
- NFS (NASA FAR Supplement)
- JAR (Dept of Justice Acquisition Regulations)
  - BPAP (Bureau of Prisons Acquisition Policy)
Agency Supplements cont.

• Test: The head of acquisition policy for DoJ with responsibility for administration of the Justice Acquisition Regulations is referred to as the “JAR-HEAD”

– True or False?
FAR Part 31 and 52

• FAR Part 31 and 52 Contain the Guidance on Cost Principles and Contract Clauses

• You should be knowledgeable in both of these sections in order to be able to correctly allocate and record cost incurred (31) and abide by all contract provisions referenced in your contracts (52)

• Most Accountants work with FAR Part 31 and then rely on their Contracts Department for expertise under FAR Part 52
FAR Part 31

• Part 31 Contract Costs Principles and Procedures
• As a Government Contractor you should be extremely familiar with this section of the FAR
• This section describes
  – Cost principles and procedures applicable to various contracts
  – Allowability of Cost
    • Allowable vs. Unallowable
  – Allocability of Cost
    • Direct vs. Indirect
  – Expressly Unallowable Costs
Part 31.2 Contracts With Commercial Organizations

• 31.201-2 Determining Allowability
  – A cost is allowable when it’s reasonable and allocable
  – Conforms to applicable CAS standards, if applicable, otherwise GAAP
  – Terms of the contract
  – Limitations in FAR
FAR Part 31

31.201-3 Determining Reasonableness

• Determination of Reasonableness includes consideration of:
  – Sound business practices ordinary and necessary for the conduct of the business or the contract performance;
    • Prudent person
    • Arm’s-length bargaining, and
    • IAW Federal and State laws and regulations;
  – No presumption of reasonableness (with a few exceptions)
  – Deviations from the contractor’s established practices
  – If a cost is determined to unreasonable by quantum, the “excess cost” is deemed to be unallowable (but the entire cost may be “questioned”

• Test: What costs are presumed to be reasonable?
FAR Part 31

31.201-3 Determining Reasonableness

• The Meals and Incidental Expenses (M&IE) portion of travel costs are normally presumed to be reasonable if they do not exceed the JTR rate for the locality.
FAR Part 31

31.201-4 Determining Allocability

• A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship.

• Subject to the foregoing, a cost is allocable to a Government contract if it --
  – Is incurred specifically for the contract
  – Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
  – Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown
FAR Part 31

31.201-6 Accounting for Unallowable Costs

• Contractors must identify and segregate unallowable costs in their Chart of Accounts
  – Employees should be properly trained in identifying specifically unallowable costs

• Unallowable costs must be identified and excluded from all cost claims
  – Penalties will be assessed if knowingly included in claims

• Costs can be:
  – Expressly unallowable (FAR Part 31.205)
  – Unallowable by quantum or circumstance
  – Unallowable by mutual agreement (contract provision)
  – Directly associated unallowable costs
FAR Part 31

31.201-6 Accounting for Unallowable Costs

• Directly associated unallowable costs.
  – Are typically generated solely as a result of another unallowable cost
  – Would not have been incurred otherwise
  – Example: A Contractor Controller incurs travel costs for a meeting associated with the acquisition of another Company
    • Costs related to business combinations (M&A) are unallowable under FAR 31.205-27
    • The Controller’s salary for the meeting time is unallowable
    • The travel costs for the meeting are unallowable
    • Any indirect costs that would normally have been absorbed by the Controller’s salary and travel costs are also unallowable
# Unallowable Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>FAR Reference</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising Costs</td>
<td>31.205-1</td>
<td>Usually unallowable, excludes advertising relating to recruiting</td>
</tr>
<tr>
<td>Bad Debts</td>
<td>31.205-3</td>
<td>Always Unallowable</td>
</tr>
<tr>
<td>Contingencies</td>
<td>31.205-7</td>
<td>Usually Unallowable</td>
</tr>
<tr>
<td>Contributions/Donations</td>
<td>31.205-8</td>
<td>Always Unallowable</td>
</tr>
<tr>
<td>Employee Morale</td>
<td>31.205-13</td>
<td>Usually Unallowable, but several exceptions</td>
</tr>
<tr>
<td>Gifts</td>
<td>31.205-13(b)</td>
<td>Always Unallowable</td>
</tr>
<tr>
<td>Recreation</td>
<td>31.205-13(c)</td>
<td>Unusually Unallowable</td>
</tr>
<tr>
<td>Entertainment Costs</td>
<td>31.205.14</td>
<td>Always Unallowable</td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>31.205-15</td>
<td>Always Unallowable</td>
</tr>
<tr>
<td>Lobbying Costs</td>
<td>31.205-27</td>
<td>Always Unallowable</td>
</tr>
<tr>
<td>Organization Costs</td>
<td>31.205-27</td>
<td>Usually Unallowable</td>
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<tr>
<td>Interest/Financing Costs</td>
<td>31.205-20</td>
<td>Always Unallowable, but one rare exception</td>
</tr>
<tr>
<td>Plant Reconversion Costs</td>
<td>31.205-31</td>
<td>Usually Unallowable</td>
</tr>
<tr>
<td>Federal Income Taxes</td>
<td>31.205-41(b)</td>
<td>Always Unallowable</td>
</tr>
<tr>
<td>Travel Costs</td>
<td>31.205-46</td>
<td>Usually Allowable, but some limitations</td>
</tr>
<tr>
<td>Costs related to legal proceedings</td>
<td>31.205-47(b)</td>
<td>Unallowable as provided in this section</td>
</tr>
<tr>
<td>Deferred R&amp;D Costs</td>
<td>31.205-48</td>
<td>Usually Unallowable</td>
</tr>
<tr>
<td>Goodwill</td>
<td>31.205-51</td>
<td>Always Unallowable</td>
</tr>
<tr>
<td>Alcoholic Beverages</td>
<td>31.205-51</td>
<td>Always Unallowable</td>
</tr>
</tbody>
</table>

Test: The cost of Alcohol is ALWAYS unallowable – True or False?
Unallowable Costs

FALSE!

• In addition to being a common component of many “adult beverages,” alcohol is also a very common industrial solvent and laboratory reagent. If you purchase alcohol for these purposes, be VERY careful with the description on your vendor invoices, AP vouchers and GL cost accounts.
FAR Part 31
Contract Cost Principles and Procedures

31.202 Direct Costs

• A Direct Cost is a cost that is specifically attributable to a single, final cost objective, i.e. a contract

• The treatment of specific costs must be consistently followed and applied to all final cost objectives
  – Treatment of small dollar value items that could be charged direct can be charged to indirect as long as this practice is consistently followed
31.203 Indirect Costs

- Indirect Costs are costs that remain after all have been identified to a final cost objective
- Indirect Costs are to be allocated via Indirect Rates
- The allocation of Indirect Costs is specific to a Contractor and is based on their business practices
- Examples of Indirect Pools:
  - Fringe Benefit pools and On Site and / or Off Site Overhead pools
  - Material Handling and G&A pools
  - Service Centers
- Consistency is Key!
FAR Part 31
Contract Cost Principles and Procedures

31.205 Selected Costs

• This section of FAR discusses the different type of costs that a Contractor could incur and provides the guidance on its Allowability

• When DCAA questions a cost incurred by a Contractor they will reference this area of the FAR

• Following are the specific FAR references for the various types of Cost
  – 31.205-1 Public relations and advertising costs
  – 31.205-3 Bad Debts
  – 31.205-4 Bonding costs
  – 31.205-6 Compensation for Personal services
FAR Part 31
Contract Cost Principles and Procedures

- 31.205-7 Contingencies
- 31.205-8 Contributions or donations
- 31.205-10 Cost of Money
- 31.205-11 Depreciation
- 31.205-12 Economic Planning costs
- 31.205-14 Entertainment costs
- 31.205-15 Fines, penalties, and mischarging costs
- 31.205-16 Gains and losses on disposition or impairment of depreciable property or other capital assets
- 31.205-17 Idle facilities and idle capacity costs
- 31.205-18 IR&D and B&P costs
FAR Part 31
Contract Cost Principles and Procedures

– 31.205-19 Insurance and indemnification
– 31.205-20 Interest and other financial costs
– 31.205-21 Labor relations costs
– 31.205-22 Lobbying and political activity costs
– 31.205-23 Losses on other contracts
– 31.205-25 Manufacturing and production engineering costs
– 31.205-26 Material costs
– 31.205-27 Organization costs
– 31.205-28 Other business expenses
– 31.205-29 Plant protection costs
– 31.205-30 Patent Costs
FAR Part 31
Contract Cost Principles and Procedures

– 31.205-31 Plant reconversion costs
– 31.205-32 Precontract costs
– 31.205-33 Professional and consultant service costs
– 31.205-34 Recruitment costs
– 31.205-35 Relocation costs
– 31.205-36 Rental costs
– 31.205-37 Royalties and other costs for use of patents
– 31.205-38 Selling costs
– 31.205-39 Service and warranty costs
– 31.205-40 Special tooling and special test equipment costs
– 31.205-41 Taxes
FAR Part 31, Continued

- 31.205-42 Termination Costs
- 31.205-43 Trade, business, technical and professional activity costs
- 31.205-44 Training and education costs
- 31.205-46 Travel costs
- 31.205-47 Costs related to legal and other proceedings
- 31.205-48 Research and Development costs
- 31-205.49 Goodwill
- 31.205-51 Cost of alcoholic beverages
- 31.205-52 Asset valuations resulting from business combinations
FAR Part 52
Solicitation Provisions and Contract Clauses

• 52.203-14 Display of Hotline Posters
  – Always a question by DCAA during a Floor Check
  – Who knew it was a Contract requirement?

• 52-203-15 Whistleblower Protection

• 52.215-2 Audit and Records – Negotiation
  – This is the right of the Government to examine and / or audit a Contractor’s books
    • Applicable to Costs Claimed (Incurred) and Anticipated to be Incurred
  – Also specifies record retention of 3 years after final payment on a specific contract
FAR Part 52
Solicitation Provisions and Contract Clauses

• 52.216-7 Allowable Cost and Payment
  – Payments to the Contractor are Allowed as Work Progresses
  – Reimbursable Costs Include
    • Direct Labor
    • Direct Travel
    • Materials Issued from Inventory
    • Supplies, Services
    • Indirect Expenses
  – Important References under this section
    • 52.216-7(d) Submission of Final Indirect Cost Rate Proposal
    • 52.216-7(e) Indirect Expense Rates for Billing Purposes
    • 52.216-7(g) Audit of Interim Billings
    • 52.216-7(h) Stipulates Requirements for Final Payment
FAR Part 52
Solicitation Provisions and Contract Clauses

• 52.232-22 Limitation of Funds
  – For Cost Reimbursable contracts, notification to the Government that a certain percentage of funds have been expended or will be expended, usually 75% to 85%

• 52.232-25 Prompt Payment
  – Discusses Payment of Invoices by the Government
Key changes to the FAR

• FAR 31.205-46 (b) and (c), Travel Costs – January 2010
  – Limits airfare to the lowest airfare available to the contractor
  – Prior to the change, airfare was limited to “lowest customary standard, coach, or equivalent airfare
  – Also, with respect to travel by contractor-owned, leased, or chartered aircraft, the allowable baseline costs were changed from the “standard” airfare referenced in paragraph (b) to the “allowable” airfare referenced in paragraph (b)
Key changes to the FAR

• FAR 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards – July 2010
  – Requires contractors to report the names and total compensation of each of the contractor’s and first-tier subcontractors’ five most highly compensated executives for the preceding completed fiscal year
  • Executive means officers, managing partners, or any other employees in management positions
  • Total Compensation means cash and noncash dollar value earned; includes salary and bonus, awards of stock, stock options and stock appreciation rights, Earnings for services under non-equity incentive plans, change in pension value above-market earnings on deferred compensation which is not tax-qualified; other compensation (if the aggregate exceeds $10,000)
Key changes to the FAR

• FAR 52.204-11, American Recovery and Reinvestment Act – Reporting Requirements – July 2010
  – Requires contractors to report for all work funded, in whole or in part, by the Recovery Act
  – Reports are due no later than the 10th day following the end of each calendar quarter
Key changes to the FAR

• Change to the DFARS, “Contractor Business Systems” Interim Rule – May 18th 2011
  – Payment withholding will be allowed on Progress Payments, Performance based payments and Interim payments under: Cost reimbursement contracts, Incentive-type contracts, labor-hour contracts, time and material contracts and construction contracts that include prompt payment act clause
  – Allows the (A)CO to withhold up to 5% of payments per deficiency
Thanks for Coming!

Contact Information:

Karen Williams – Consultant, WJ Technologies
karen.williams@wjtechnologies.com 703-885-8157

Rich Wilkinson – Director, Watkins Meegan
rich.wilkinson@watkinsmeegan.com 703-847-4435

www.twitter.com/watkinsmeegan
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