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assessing a broad topic such as contract overpayments and contractor actions to provide timely refunds. By implication, someone is seeking reassurance that the DoD is properly managing its contracts. In either case, think of it as one branch of government exercising its roles and responsibilities analogous to that of obtaining a "second opinion".

Or if it's an IG, they may actually be assessing the quality of DCAA audits. In all cases, the general (internal government) expectations are that the respective audit agencies will share information (including previously acquired contractor data); thus reducing or eliminating duplicate requests for the same contractor data. Can the GAO or IG request more data than was previously requested by DCAA? The answer, "Yes", because the audit scope is ultimately controlled by the organization performing the immediate audit.

What should I do if I'm unexpectedly contacted by the GAO or IG for an audit of my government contracts? By all means ask for an entrance conference including any correspondence which served to announce the review. Cooperate with the auditor(s) but make sure they know that you've been audited by DCAA, if applicable. If they've properly planned their audit, they'll already know that, but don't assume it. Lastly, don't overreact because your selection for a seemingly redundant audit maybe nothing more than "random luck".

SBA Size Recertification is Implemented

Effective June 30, government contractors classified as small businesses will have to recertify their small business status, specifically when the company no longer qualifies as a small business due to a merger

CAS Board Increases CAS Applicability Threshold

The Cost Accounting Standards Board (CASB) has decided to elevate the contract award threshold for CAS coverage to \$650,000, from the previous award threshold of \$500,000. Contracts and subcontracts with an award value equal to or exceeding \$650,000 will be covered by the Cost Accounting Standards, unless an exemption exists.

Contrary to what we thought would occur, the CASB decided not to elevate other proposed CAS thresholds, such as those related to CASB Disclosures Statement submission and "trigger" contracts.

The new threshold was effective with all new covered awards beginning June 14, 2007.

Is a Single Government Contract Subject to Audits by Multiple Federal Audit Organizations?

At a recent informal meeting with some government contractors, a discussion ensued concerning how many government audit

organizations can audit the same contract or group of contracts. In particular, if my contracts are traditionally audited by DCAA (Defense Contract Audit Agency), why would the GAO (Government Accountability Office) or the DoD-IG (Inspector General) contact me for an entrance conference to audit these same contracts before or after a DCAA audit?

The basic answer, all three of these audit or oversight organizations have contractual audit and access to records authority assuming the contract(s) include FAR 52.215-2, Audit and Records-Negotiation. In as much as the audit rights are contractual, all three organizations have the same level of access. For example, the GAO has neither more nor less access to records authority than does DCAA or an IG. The obvious follow-on question, if my traditional contract audit experience involves DCAA, why would the GAO or IG become directly involved for the same contracts. The short answer is "because they can"; but the actual answer can be more complex.

The GAO maybe involved in an evaluation of a major weapons or other acquisition program which has been experiencing steady cost growth issues, in turn triggering congressional interest. Or the GAO is

or acquisition. In this situation, the company must recertify within 30 days after the re-organization event.

Additionally, small businesses with long term federal contracts exceeding six years will have to recertify before beginning the sixth year of the contract. If the status changes from small to large at that time, the contractor will not lose the contract, but rather cannot continue to hold itself out as a small business in various contracts administration areas.

CAS Exemption for T&M/Labor Hour Contracts – Commercial Items

The CAS Board issued a new rule that will exempt all T&M and labor hour contracts for commercial items from coverage under all Cost Accounting Standards requirements.

The exemption broadens the previous exemption for commercial item acquisitions, which heretofore was afforded only to contracts and subcontracts that are firm fixed-price and fixed price with escalation provisions (not based on costs incurred).

Such T&M and labor hour awards for commercial items, however, must be awarded on the basis of adequate price competition, without the submission of cost or pricing data, for this new CAS Exemption to apply.

Government Contract Training

Lunch & Learn: DCAA (Defense Contract Audit Agency) Hot Topics

Beason & Nalley is excited to offer you the opportunity to join us on **Tuesday, July 24, 2007**, for a **DCAA Hot Topics Lunch & Learn**.

Presented by: Beason & Nalley, Inc.

Date: July 24, 2007, Huntsville, AL

Time: 11:30 a.m. – 1 p.m.

Instructors: Charlie Broome and Mike Steen

Go to

<http://www.beasonnalley.com/default.asp?ID=285> for details or call Beason & Nalley at 256.533.1720.

FAR Part 31

The FAR Part cost principles without a doubt have the greatest impact on a government contractor's system for preparing bid proposal estimates and billing costs during contract performance of all procurement regulations. No other regulations governing contract compliance command as much procurement attention and audit oversight as these cost principles. Failure to understand the application of these regulations can cost a government contractor not only lost revenue but also interest and penalties on unallowable billed costs.

Presented by: Beason & Nalley, Inc.

Date: August 28, 2007, Huntsville, AL

Time: 8:30 a.m. – 4:30 p.m.

Instructors: Charlie Broome and Mike Steen

Specialized Training

Beason & Nalley will develop and provide specialized Government contracts compliance training for client/contractor audiences. Topics on which we can provide training include estimating systems, FAR Part 31 Cost Principles, TINA and defective pricing, cost accounting system requirements, and basics of Cost Accounting Standards, just to name a few. If you have an interest in training, with educational needs specific to your company, please contact Ms. Sandra Baker at sbaker@beasonnalley.com, or at 256.533.1720.

Future Newsletters

Beason & Nalley welcomes any feedback from the readers of this newsletter. We appreciate any suggestions that you may have as to future content, presentation and format, or interesting developments in the procurement community that would be of interest to our readers. Please provide any feedback or suggestions via our email address at dwalker@beasonnalley.com.

Beason & Nalley, Inc. provides accounting, business, financial and consulting services with a focus on serving government contractors. Beason & Nalley goes well beyond the bounds of what one would normally consider to be "typical" services. We provide services such as government contract services, outsourced accounting, audit, tax and Deltek GCS Premier™ and Deltek Costpoint® consulting and more. Our goal is to provide the business owner with options for their financially related administrative needs. Our service list is comprehensive. Contact us:

Beason & Nalley, Inc.

101 Monroe Street, Huntsville, AL 35801

Tel.: 256.533.1720, Toll Free: 1.800.416.1946

Email: info@beasonnalley.com

www.beasonnalley.com