

National Contracts Management Assoc

FEDERAL ACQUISITION REGULATION OVERVIEW

SAN DIEGO CHAPTER

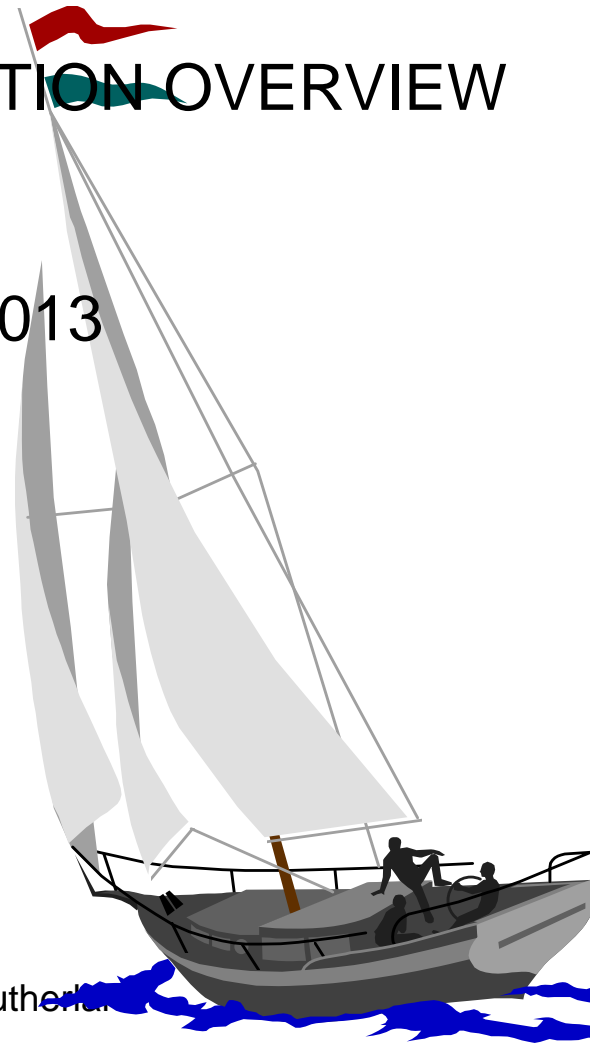
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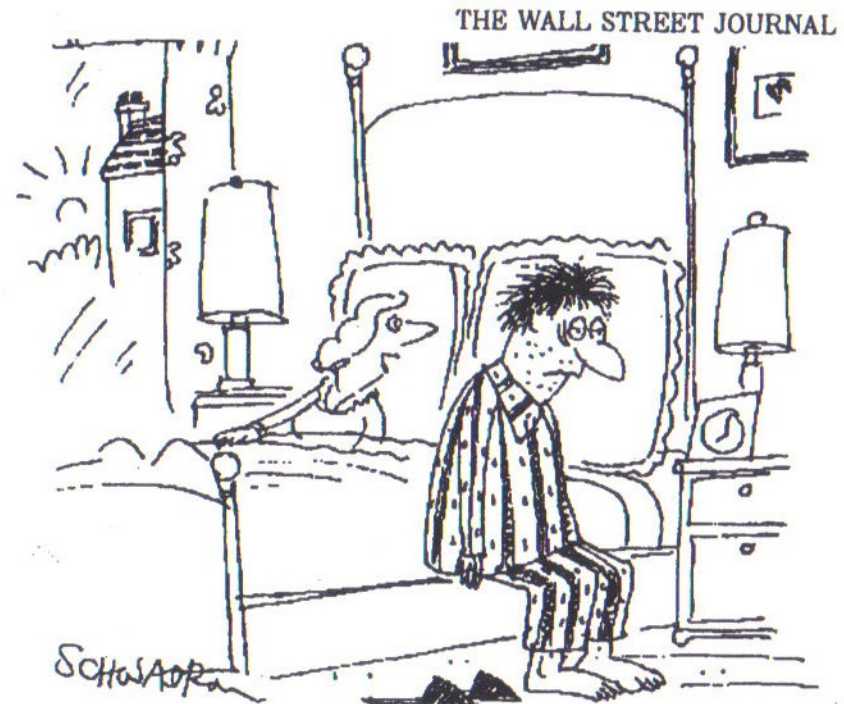
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PART 1

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**"It's hard to believe in only one hour
you'll give a motivational talk."**

COURSE OVERVIEW

- The Legal Framework
- Organization of the FAR
- Where to Find the FAR
- Keeping Up With Changes
- How to Work With the FAR

The Legal Framework

- The federal procurement regulation system is based on two statutes:
 - The Armed Services Procurement Act of 1947;
 - The Federal Property and Administrative Services Act of 1949
- Applicability: The FAR is applicable to all federal executive agency **acquisitions** conducted with appropriated funds.
- There are some statutory exceptions, e.g., FAA, USPS, and “Other Transactions.”

The Legal Framework

- The role of Congress
 - General legislation (e.g., Procurement Integrity Act, 41 U.S.C. 423)
 - Appropriations Acts-House of Repr
 - Authorizations Acts-Senate
 - The Government Accountability Office

The Legal Framework

- The role of the Executive Branch
 - Federal Acquisition Regulations system
 - Office of Fed'l Procurement Policy
 - FAR Secretariat
 - Defense Acquisition Regulations Council
 - Civilian Agency Regulations Council
 - OMB Circulars
 - <http://www.whitehouse.gov/omb/circulars>
 - Executive Orders when FAR is affected

The Legal Framework

- The role of the Judicial Branch
 - Federal Courts
 - Court of Federal Claims
 - U.S. District Court
 - Boards of Contracts Appeals (quasi-judicial)
 - Armed Services BCA
 - Civilian Agency BCA
 - Government Accountability Office-protests
 - State Courts-limited jurisdiction over USG

The Executive Agencies

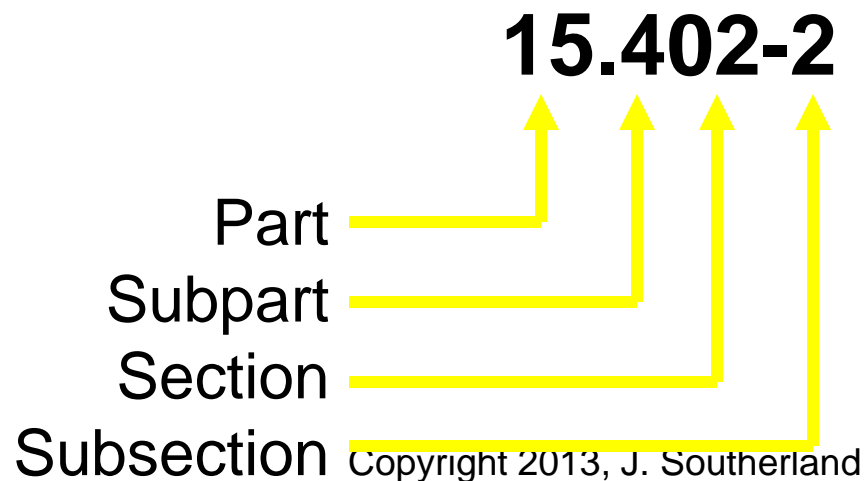
- SETH J. CHILDATE, V+HS
- Each has a FAR supplement
- Periodic updates as required
- Agency policy letters
- Published annually as part of Code of Federal Regulations System
- Must provide agency clauses with RFP

Practical Application of FAR

- Procedural guidance
- Requirements for contr officers
- Prohibitions of actions by contractors
- Requirements for contractor compliance
- Shall, shall not, may, mandatory
- Implements socio economic policies
- Limited application to subcontracts

Organization of the FAR

- The FAR System
 - Title 48 of the Code of Federal Regulations
 - 57 Chapters in CFR
 - The FAR is Chapter 1, DFARS Ch 2
- The FAR Numbering System



Organization of the FAR

- Agency FAR Supplements
 - Supplement citations combine CFR Chapter number and corresponding FAR section.
FAR 15.402-2
DFARS **2**15.402-2
NFARS **52**15.402-2



Revisions and Updates

- Last complete reprint—2005
- 70 FACs issued since reprint
 - Free from website
- \$400 subscription
- Subscription shows sidebar to ID changes¹²
- How to Keep Current?
 - **www.farsite.hill.af.mil**

Using The FAR

- How to Determine if a Clause, Provision or Form Should Be Included in the Contract
 - FAR Matrix (FAR 52.301)
 - FAR Prescription of Clauses (e.g., 15.408)
 - FAR Prescription of Forms (e.g., 53.2)
- Numbering System for Clauses and Provisions **52.215-1** (252.215-7001)
- Determine flow down clauses to subs

General Structure of the FAR

- Subchapter A General
- Subchapter B Competition and Acquisition Planning
- Subchapter C Contracting Methods and Contract Types
- Subchapter D Socioeconomic Programs
- Subchapter E General Contracting Requirements
- Subchapter F Special Categories of Contracting
- Subchapter G Contract Management
- Subchapter H Clauses and Forms

Format of Parts and Subparts

- Scope/General
- Definitions—if not in Part 2
- Purpose
- Policy
- Narrative subject information
- Restrictions
- Solicitation and Contract Clauses
- Standard Forms

Part 1 – The FAR System

- Purpose and Authority (1.1)
- Administration (1.2)
 - Maintenance and changes
- FAR deviations (1.4)
- Contracting Authority (1.6)
- Determination and Findings (D&F)
 - Subpart 1.7 describes how to document decisions required by statute or regulation before taking certain contracting actions.

1.6 Contracting Authority and Responsibility

- Contracting officer
 - PCO—Warranted buyer, signs contracts, settles contract claims
 - ACO—Administers contract, closes contract
 - TCO—handles terminations
- Contract specialist—no authority; do not follow direction, even if in writing. Follow only written direction of Contracting Officer

1.6 Contracting Authority and Responsibility

- COTR—technical direction within written delegation of authority from PCO
- COR—non technical members of team
 - Program manager
 - Auditor
 - Cost analyst
 - Small business specialist
 - Govt property admin
 - Quality representative

Part 2.101– Definitions of Words and Terms

- Part 2 definitions apply throughout FAR
- Definitions applicable only to a Part or Subpart are in the Part or Subpart
- Applicable to contracts via the “Definitions Clause” (52.202-1)
- Some examples:
 - “day”
 - “commercial item”,
 - “must” and “shall”
 - “data other than cost or pricing data”

Part 3 – Improper Business Practices and Personal Conflicts of Interest

- Safeguards (3.1)
 - The Procurement Integrity Act
- Contractor Gratuities (3.2) – Not always obvious!
- Reporting Suspected Antitrust Violations (3.3)
- Contingent Fees (3.4)

Part 3 – Improper Business Practices and Personal Conflicts of Interest

- Other Improper Business Practices (3.5)
 - Buying-in
 - Subcontractor Kickbacks
 - Restrictions on subcontractor sales
- Buy Influence With Federal Funds (3.8)
- Protection for Whistleblowers (3.9)
- Contractor Code of Business Ethics (3.10)
- Personal Conflicts of Interest (3.11)

Part 4 – Administrative Matters

- Contract execution: Who can sign the contract? (4.1)
- Contract reporting: Keeping track of who buys what from whom (4.6)
- Contractor retention of records (4.7)
- Central Contractor Registr (CCR) (4.11)
- Representation and Certification (4.12)
- Personal Identity Verification (4-13)

Part 4 – Administrative Matters

- Reporting Exec Compensation and First Tier Subcontract Awards (4.14)
- American Recovery and Reinvestment Act (ARRA) adds numerous reporting requirements (4.15)
 - New jobs created
 - Number of jobs not lost
 - Executive compensation
- Unique Procurement Instrument Identifiers (4.16). Agency specific.

COMPETITION & ACQUISITION PLANNING

SUBCHAPTER B

Part 5 - Publicizing Contract Actions

- Increases competition and assists small businesses
- Synopsise *proposed* contract actions over \$25K (5.2) at: www.fedbizopps.gov
 - Numerous exceptions, e.g., classified information, urgency, etc.
- Part 5 - Publicizing Contract Actions
- Multi-Agency Use Contracts (5.6): Searchable website available at:
www.contractdirectory.gov

Part 6 COMPETITION REQUIREMENTS

- Full and Open (6.1): The Default Rule
 - Use competitive procedures best suited for the circumstances of the individual contracts
- Full and Open Competition After Exclusion of Sources (6.2)—The set asides!
- 7 Other than Full/Open Competition (6.3)
- Sealed Bidding vs. Competitive (6.4)
- Role of the Competition Advocate (6.5)

Part 7 ACQUISITION PLANNING

- Acquisition Plans (7.1)
- Economic Order Quantities (7.2)
- Contractor vs Gov't Performance (7.3)
 - OMB Circular A-76 (May 2003)
 - Federal Activities Inventory Reform (FAIR) Act
- Lease or purchase (7.4)
- Inherently Governmental Functions (7.5)
 - Not Included in the FAIR Act Inventory

Part 8 – Required Sources of Supplies and Services

- Excess Personal Property (8.1)
- Federal Supply Schedules (8.4)
- Federal Prison Industries (8.6) (UNICOR)
- Blind and Severely Disabled (JWOD Act) (8.7)
NIB/NISH=Ability One
 - Applies to items on the JWOD Committee Purchase List
(<http://www.jwod.gov/procurementlist>)
 - FAR 8.704 purchase priority list

Subpart 8.4 Federal Supply Schedules

- Multiple award schedules
 - www.gsa.gov/elibrary
- Use of FSS 8.404
- Ordering procedures 8.405
- Blanket purchase agreements 8.405-3
- Price reductions 8.405-4
- Small business 8.405-5

Part 9 Contractor Qualifications

- Responsible Prospective Contractors (9.1)
 - Precondition for award
 - General and special standards
- Suspension and Debarment (9.4)
 - <http://epls.arnet.gov>
 - Certification requirements (52.209.5/6)
- Organization/Consultant Conflicts of Interest: Know what you're getting into!
 - How OCIs arise
 - Mitigating OCI/Contr Officer determines
- Teaming Agreements (9.6)

Part 10 – Market Research

- Why do it?
 - Determine potential solutions
 - Determine potential suppliers
 - Is there a commercial item solution
 - Qualified small business community
- Who does it?
 - Buying program team
 - Sellers business development team
- How is it done?
 - SAM search
 - NAICS codes
 - Internet sites

Part 11 – Describing Agency Needs

- Promote competition
- Describe requirements
 - SOW, SOO, PRD, PDSOW, Design spec
 - Brand name or equal
- Delivery schedule
- Liquidated damages
- Priorities and allocations
- Qualification testing of product samples

Part 12 – Acquisition of Commercial Items

- Definition of Commercial Item in 2.101
- Applicability 12.102.
 - May be purchased under FAR sections
 - 13-simplified acquisition
 - 14-sealed bidding
 - 15-negotiation
 - FSS, GWAC, seaport e
- If inconsistent with policy of part 12, the policy of part 12 shall take precedence for the acquisition of a C I. 12.102(c)

Price: \$300

Part 12 – Acquisition of Commercial Items

- Commercial Item Provisions and Clauses (12.3)
- Unique Terms and Conditions (52.212-x)
- List of Inapplicable Laws (12.5)
- Streamlined Solicitation and Evaluation (12.6)
- SAP is \$6.5M (13.5)
- Implied warranties
- Special termination for convenience clause
- Special termination for default clause
- Bilateral changes clause

Part 12.2 Special Requirements for Acquisition of Commercial Items

- Solicitation, evaluation, award 12.203
- Contract form 1449 preferred 12.204
- Time for offers 12.205
- Contract type FFP/FFP, EPA 12.207(a)
- Services contract T&M/labor hour 12.207(b)
- Supplier's QA system 12.208
- Determining price reasonableness 12.209

12.2 Special Requirements for Acquisition of Commercial Items

- Contract financing practices 12.210
- Technical data-assumes contr owned .211
- Computer software-shrink wrap warranty
- Other commercial practices 12.213
- Cost accounting standards NO! 12.214
- Solicitation and contract clauses 52.212-X
- Unique, limited subcontract flow downs

CONTRACTING METHODS AND CONTRACTS TYPES

SUBCHAPTER C

Part 13 – Simplified Acquisition Procedures

- Scope of Part 13 (13.000)
 - Applicability (\$150,000) SB set aside
- Legal effect of quotations-Unilateral Purchase Order (DD 1155 award or other SF/OF)
- Purpose For and Description of Procedures
- The micro-purchase procedures (13.2)
 - Under \$3000 (Government Purchase Card)
- Simplified Acquisition Methods (13.3)
- Fast Payment Procedures (13.4)
- Commercial item test program (13.5)

Blanket Purchase Agreements-13.303

- Simplified method of filling repetitive needs by establishing charge accounts w/suppliers See 16.7 Agreements
- May be issued against an FSS
- May issue one or more for same items
- Must have funding limit
- Various ordering forms-SF-44

Unilateral Purchase Order

- Legal effect of quotations-Not an offer
- Order in response to quote is the offer
- Purchase Order-offer by the govt to buy, on specified terms, using SAP
- If unilateral, accepted by performance, may be cancelled
- Always sign copy and return

Part 14 – Sealed Bidding

- Use of Sealed Bidding (14.1)
 - Only FFP or FP/EPA contract types
- Solicitation of Bids (14.2)
- Submission of Bids (14.3)
 - Responsiveness
 - Timeliness
- Opening Bids and Awarding the Contract
- Two-Step Sealed Bidding: Evaluate technical proposals, bid, low bidder wins

Part 15 – Contracting by Negotiation

- Source selection processes & techniques
 - BEST VALUE-15.101
 - Low price/technically acceptable/tradeoff PPTO
 - Oral presentations
- Solicitation and Receipt of Proposals (15.2)
 - Advisory multi-step process
 - Amending the solicitation
 - Withdrawal of proposals

Contracting by Negotiation-Best Value

- 15.101. Importance of price may vary
- Can award to other than low bidder using trade off method.
- Must provide relative value of tech eval factors to each other. PP required unless-
- Provide total tech eval significance to price
- Justify higher price by benefits received
- LPTA—award to lowest price (not sealed bid-can have discussions)

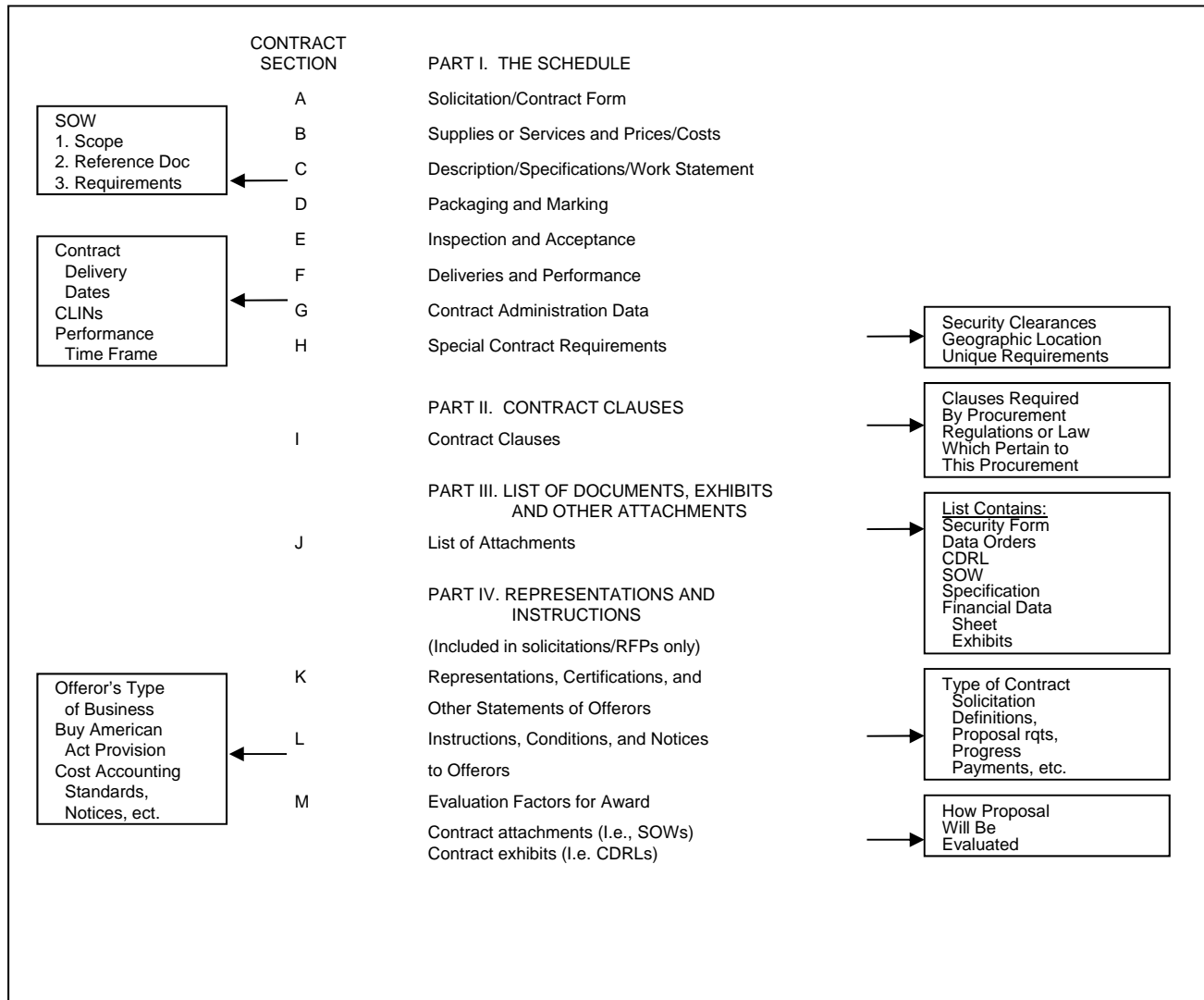
Part 15 – Contracting by Negotiation

- Source Selection Requirements (15.3)
 - Mandatory evaluation factors
 - Award on initial proposals
 - Exchanges with offerors
 - Competitive range
 - Submission of final revised proposals
 - The source selection decision

Part 15 – Contracting by Negotiation

- Contract pricing and the Truth in Negotiations Act (TINA) (15.4)
 - Negotiated contracts and mods over \$700K
 - Unless an exception applies
 - Cost analysis vs. price analysis
- Exceptions
 - Adequate competition
 - Commercial item contracts
 - No cost data submitted

Solicitation/Contract Sections



TINA and DEFECTIVE PRICING

Part 31 contains cost principles and procedures for the pricing of contracts, subcontracts, and modifications to contracts and subcontracts whenever cost analysis is performed; and the determination, negotiation, or allowance of costs when required by a contract clause.

This applies to non-competitive fixed price contracts and cost reimbursement contracts.

Similar requirements apply to subcontracts.

Where Cost Principles are Applicable- Pre Award

- Pricing of contracts, subcontracts, and modifications to contracts and subcontracts whenever **cost analysis** is performed

“**Cost analysis** shall be used to evaluate the reasonableness of individual cost elements when certified cost or pricing data are required.” [FAR 15.404-1(a)(3)]

- “**Cost analysis** is the review and evaluation of the separate cost elements and profit in an offeror’s proposal (including cost or pricing data or information other than cost or pricing data), and the application of judgment to determine how well the proposed costs represent what the cost of the contract should be, assuming reasonable economy and efficiency.” [FAR 15.404-1(c)(1)]

Cost or Pricing Data--Definition

- Certified cost or pricing data” means “cost or pricing data” that were required to be submitted in accordance with FAR [15.403-4](#) and [15.403-5](#) and have been certified, or are required to be certified, in accordance with [15.406-2](#). This certification states that, to the best of the person’s knowledge and belief, the cost or pricing data are accurate, complete, and current as of a date certain before contract award. Cost or pricing data are required to be certified in certain procurements (10 U.S.C. 2306a and 41 U.S.C. 254b).
- Adequate price competition—exception
- Small businesses are not exempt

Where Cost Principles are Applicable- Pre Award

- FAR 2.101

Cost or pricing data:

- means all facts that, as of the date of price agreement . . . , prudent buyers and sellers would reasonably expect to affect price negotiations significantly . . .
- are factual, not judgmental; and are verifiable . .
- are more than historical accounting data; they are all the facts that can be reasonably expected to contribute to the soundness of estimates of future costs and to the validity of determinations of costs already incurred. . .

FAR Part 15.403

Certified cost or pricing data requirements

Unless below statutory threshold¹ or otherwise exempt, certified cost or pricing data is required for

- 1) Award of any non competitive negotiated contract
- 2) Award of a subcontract at any tier, if the contractor and each higher-tier subcontractor were required to submit certified cost or pricing data

FAR Part 15.403

Certified cost or pricing data requirements

- 3) Modification of any sealed bid or negotiated contract (whether or not cost or pricing data were initially required) or any subcontract in 2) above
 - Price adjustments must consider both increases and decreases
 - Includes negotiated final pricing actions (terminations, final price agreements on incentive and redeterminable contracts)
- **¹Current threshold for obtaining cost or pricing data is \$700,000 (effective 10/01/10) It will be adjusted for inflation on 10/1/2015**

FAR Part 15.403 - Exceptions from cost or pricing data requirements

- Adequate price competition
- Prices set by law or regulation
- Commercial items
- Waiver by Head of Contracting Activity (HCA)
- Other circumstances
 - Option pricing when price was established at award
 - Overrun funding or interim billing price adjustments

How to Avoid Defective Pricing

- Use latest available data
- Update continually with newest data
- Use data in pricing and negotiation
- Disclose data to CO or representative
- Identify data to RFP/Contract
- Maintain exhibit log and file copy of data
- After negotiation, conduct sweep review to assure latest accurate data provided
- Review vendor list for applicability and data

Cost Reasonableness/Realism

- FAR 15.305(a)(1)
- Competition normally establishes
 - Cost analysis/price analysis not required
 - Price reasonableness assumed
- For cost reimbursement, Buyer liable for actual costs incurred
 - Need to establish cost realism

Cost Realism Analysis

- Determine what Buyer should reasonably expect to pay for the effort
 - Seller's understanding of the work
 - Seller's ability to perform work
 - Seller's forecast of business base
 - Seller's overhead rate history
 - Direct labor/material estimates
 - Realistic performance schedule
 - Technology—new or state of art

Where Cost Principles are Applicable- Post Award

- Determining reimbursable costs under (i) cost reimbursement contracts and subcontracts and (ii) the cost-reimbursement portion of time-and-materials contracts (FAR 52.216-7)
- Negotiation of indirect cost rates (FAR Part 42)
- Proposing, negotiating, or determining costs under terminated contracts (FAR Part 49)
- Price revision of fixed-price incentive contracts
- Pricing changes and other contract modifications

Proposal Debriefings

- Notice requirements and debriefings (15.5)
 - Pre-award process (15.505)
 - RFP-before proposals submitted
 - 3 days to request debriefing after elimination
 - Debrief within 5 days
 - Offer debrief after award
 - 10 days to file protest
 - Post-award process (15.506)
- Unsolicited proposals (15.6)
- Bid protest process (33.1)

Part 16 – Types of Contracts

- Selecting contract types (16.1)
- Fixed-price contracts (16.2)
- Cost-reimbursement contract (16.3)
- Incentive contracts (16.4)
- Indefinite delivery contracts (16.5)
- Time and materials (T&M), labor-hour and letter contracts (16.6)
- Agreements (not “contracts”) (16.7)

ID/IQ Contracts

- Types of contract—all
 - Mix and match by task order
- No funding, no contract (minimum order amount)
- Services, supply, construction
- Multiple awards—compete task orders
- Each task order must be separately administered, invoiced, closed
- Cannot exceed \$/effort authorized by underlying contract

Purpose and Nature of Cost-Reimbursement Contracts

- Role and nature of cost-reimbursement (CR) contracts that involve substantial uncertainties
- Allocation of risks—remain with Buyer
- Inordinate risks imposed on Contractor when R&D conducted with fixed-price contracts
- Greater flexibility during performance or work
- Elaborate procedures to permit use of CR contracts when necessary
- Substantial amount of contract administration

Nash 1

Cost-Sharing Contracts

- FAR 16.303(b) -- Used When Both Parties Receive Some Mutual Benefit From Contract Performance
 - Contractor agrees to absorb a portion of the costs
 - Contractor expects to receive substantial compensating benefits, or vendor is a nonprofit entity
 - Other transactions-FAR not applicable

Payment and Financing

- 52.216-7 Allowable Cost and Payment
- 52.216-8 Fixed Fee
- 52.216-10 Incentive Fee
- Appropriate clause for Award Fee
- 52.232-20 Limitation of Costs
- 52.232-22 Limitation of Funds
- Letter contract clauses LOGO

FAR and the FAR Clauses

- Appropriate to the contract type
 - Part 12 Acquisition of Commercial Items
 - Part 13 Simplified Acquisition
 - Part 15 Contacting by Negotiation
 - Part 16 Types of contracts
 - Part 16 Payment, cost contracts (SF 1034)
 - Part 32 Limitations of costs/funding
 - Part 42 Overhead rate determination
 - Part 43 Contract Modifications (Changes)
 - Part 46 Quality Assurance
 - Part 49 Termination
 - Part 52 Appropriate clauses

Part 17 – Special Contracting Methods

- Multi-year contracting (17.1)
- Options (17.2)
- Interagency acquisitions (17.5) MIPR
- Management and Operating (M&O) contracts (used by the Department of Energy) (17.6)
- Part 18 – Emergency Acquisitions

SOCIO-ECONOMIC PROGRAMS

SUBCHAPTER D

Part 19 – Small Business Programs

- Size standards (19.1):
<http://www.sba.gov/size/sizetable2002.html>
- Policies (19.2)
- How small business status is determined (19.3)
- Set aside requirements (19.5)(6.2)
- Certificates of Competency (COCs) (19.6)
- Small business subcontracting plans (19.7)
- Price evaluation adjustment factors (19.11)
- Small Disadvantaged Business (19.12)
- The HubZone Program (19.13)
 - (<http://map.sba.gov/hubzone/init.asp>)

Part 19 – Small Business Programs

- Service disabled veterans (19.14)
 - Woman owned small bsns (19.15)
 - Required clauses
 - 52.219-8 Utilization of Small Business Concerns. Best Efforts Clause \$150,000
 - 52.219-9 Small Business Subcontracting Plan Large Business over \$650,000
- ** FAR Parts 20 and 21 are reserved.**

Implementing the Small Business Subcontracting Plan 19.7

- Policies and procedures
- Establish goals by analysis of opportunities for subcontracting
- Small business liaison officer
- Tracking and reporting orders
- Outreach program to suppliers
 - Counseling and trade shows
- Inreach program to buyers and users
- Cosmetics of program as important as results

Part 22 – Labor Law Requirements

- Basic Labor Policies (22.1)
- Contract Work Hours & Safety Standards Act (22.3) Overtime
- Labor Standards for Contracts Involving Construction (22.4) Davis Bacon Act
 - Contracts over \$2,000
- Walsh-Healy Public Contracts Act (22.6)
- Equal Employment Opportunity (22.8)

Part 22 – Labor Law Requirements

- Non-Discrimination Because of Age (22.9)
- Service Contract Act of 1965 (22.10)
 - Service contracts over \$2500
 - <http://www.wdol.gov/sca.aspx>
- Professional Empl Compensation (22.11)

A very useful website for keeping track of the labor law requirements is:

<http://www.dol.gov/esa/whd/contracts/index.htm>

Part 22 – Labor Law Requirements

- Veterans, workers with disabilities and children
- Contractors must post notice of workers' rights under Federal labor law (22.16)
- Contractors must use E-Verify to check status of employees (22.18) unless
 - They have a security clearance; or
 - Have completed the HSPD-12 review process

Part 23 – Environmental and Safety Requirements

- Purchases of environmentally-preferred products and services (23.2, 23.7)
- Hazardous material identification (23.3)
- Use of recovered materials (23.4)
- Drug-free workplace (23.5)
- Notice of delivery of radioactive material (23.6)
- Reporting requirements (23.9, 23.10)

Part 24 – Protection of Privacy and Freedom of Information

- Protection of Individual Privacy 24.1
- Freedom of Information Act 24.2
- Information available to public
 - 9 exceptions
 - Actual contracts-YES
 - Proposals-maybe YES
 - Financial information-NO (exception 4)
 - Bid protest-protective order
- Strict time schedules for agency response
- Direct to FOIA officer at agency

Part 25 – Foreign Acquisitions

- Part 25 – Foreign Acquisitions
 - Buy American Act: Supplies and Construction (25.1, 25.2)
 - Trade Agreements are an exception (25.4)
 - Evaluating foreign offers (25.5)
 - ARRA rules for construction (25.6)
 - Trade sanctions and prohibited sources (25.7)
- <http://www.treas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf>

Part 26 Other Socioeconomic Programs

- Indian Incentive Program
- Disaster or Emergency Assistance Programs
- Historically Black Colleges and Universities and Minority Institutions
- Food Donations to Nonprofit Organizations

Part 27 - Patents, Data and Copyrights

- Patents and Copyrights
 - General policy: Allow contractors to benefit
 - Royalties
 - Patent rights under Government contracts
- Rights in Data and Copyrights
 - Limited rights
 - Unlimited rights
 - Government purpose license rights
 - Restricted rights

Patents, Data and Copyrights

- Identify reserved rights data in proposal
- Prime cannot require more intellectual property rights than must be given to Govt
- Prime is conduit, gets no rights
- Non disclosure agreement—a sieve
- Protect carefully in teaming agreements
- Properly label or lose
- Financial data—not tech data

BONDS, INSURANCE AND TAXES

- Part 28 – Bonds and Insurance
 - Bonds and Other Financial Protections
 - Sureties and Other Security for Bonds
 - Insurance
- Part 29 – Taxes
 - Federal Government usually exempt
 - New Mexico
 - South Carolina
 - Hawaii
 - Need exemption certificate in contract

Part 30 – Cost Accounting Standards (CAS)

- Located at FAR Appendix D (Part 99)
- Provide for standardized method of accumulating and allocating costs
- Key concepts:
 - CAS Covered Contract
 - Full Coverage – all CAS apply
 - Modified Coverage – CAS 401, 402, 405 and 406

Part 30 – Cost Accounting Standards (CAS)

- CAS administration
 - Disclosure Statement
 - Adjusts contracts for CAS changes
- Exceptions
 - Small business
 - Fixed price competitive award
 - Less than \$700,000 contract; \$50M covered
 - Commercial item contract

COST ACCOUNTING STANDARDS

- What do you need to know
 - Small business? Exempt
 - Large Business? CPFF award over \$650?
 - See 52.230-1 CAS Notices and Certification
 - Subject to CAS coverage? If so, what kind?
 - Date and location if disclosure statement filed?
 - Modified Coverage--CAS 401, 402, 405, 406
 - Clause 52.230-3
 - Clause 52.230-6
 - Full Coverage—All 19 standards
 - Clause 52.230-2
 - Clause 52.230-6
 - Any CAS noncompliance issues?

CAS Impact on Small Business

- SB exempt from but must be in compliance? With all standards.
- If not compliant, can withhold award or payment until fixed
- Change to cost system can be made by new submittal for approved rates
- Incurred cost proposals

Part 2 Next Month

- The cost principles and unallowables
- Getting paid
- Bid protests, disputes and claims
- Service contracting
- Contract administration and audit
- Contract changes
- Subcontracting
- Terminations

Questions?

DAY 1

October 16, 2013

**NATIONAL CONTRACTS MANAGEMENT
ASSOCIATION—SAN DIEGO**

Jim Southerland

SEE YOU NOVEMBER 20

