

SUBCHAPTER B—PROCUREMENT PRACTICES AND COST ACCOUNTING STANDARDS

PART 9903—CONTRACT COVERAGE

Subpart 9903.1—General

Sec.

- 9903.101 Cost Accounting Standards.
- 9903.102 OMB approval under the Paperwork Reduction Act.

Subpart 9903.2—CAS Program Requirements

- 9903.201 Contract requirements.
- 9903.201-1 CAS applicability.
- 9903.201-2 Types of CAS coverage.
- 9903.201-3 Solicitation provisions.
- 9903.201-4 Contract clauses.
- 9903.201-5 Waiver.
- 9903.201-6 Findings.
- 9903.201-7 Cognizant Federal agency responsibilities.
- 9903.201-8 Compliant accounting changes due to external restructuring activities.
- 9903.202 Disclosure requirements.
- 9903.202-1 General requirements.
- 9903.202-2 Impracticality of submission.
- 9903.202-3 Amendments and revisions.
- 9903.202-4 Privileged and confidential information.
- 9903.202-5 Filing Disclosure Statements.
- 9903.202-6 Adequacy of Disclosure Statement.
- 9903.202-7 [Reserved]
- 9903.202-8 Subcontractor Disclosure Statements.
- 9903.202-9 Illustration of Disclosure Statement Form, CASB-DS-1
- 9903.202-10 Illustration of Disclosure Statement Form, CASB DS-2.

Subpart 9903.3—CAS Rules and Regulations

- 9903.301 Definitions.
- 9903.302 Definitions, explanations, and illustrations of the terms, "cost accounting practice" and "change to a cost accounting practice."
- 9903.302-1 Cost accounting practice.
- 9903.302-2 Change to a cost accounting practice.
- 9903.302-3 Illustrations of changes which meet the definition of "change to a cost accounting practice."
- 9903.302-4 Illustrations of changes which do not meet the definition of "Change to a cost accounting practice."
- 9903.303 Effect of filing Disclosure Statement.

- 9903.304 Concurrent full and modified coverage.
- 9903.305 Materiality.
- 9903.306 Interpretations.
- 9903.307 Cost Accounting Standards Preambles.

AUTHORITY: Pub. L. 100-679, 102 Stat. 4056, 41 U.S.C. 422.

SOURCE: 57 FR 14153, Apr. 17, 1992, unless otherwise noted.

Subpart 9903.1—General

9903.101 Cost Accounting Standards.

Public Law 100-679 (41 U.S.C. 422) requires certain contractors and subcontractors to comply with Cost Accounting Standards (CAS) and to disclose in writing and follow consistently their cost accounting practices.

9903.102 OMB approval under the Paperwork Reduction Act.

The Paperwork Reduction Act of 1980 (Pub. L. 96-511) imposes a requirement on Federal agencies to obtain approval from the Office of Management and Budget (OMB) before collecting information from ten or more members of the public. The information collection and recordkeeping requirements contained in this regulation have been approved by OMB. OMB has assigned Control Numbers 0348-0051 and 0348-0055 to the paperwork, recordkeeping and forms associated with this regulation.

[57 FR 14153, Apr. 17, 1992, as amended at 59 FR 55753, Nov. 8, 1994]

Subpart 9903.2—CAS Program Requirements

9903.201 Contract requirements.

9903.201-1 CAS applicability.

(a) This subsection describes the rules for determining whether a proposed contract or subcontract is exempt from CAS. (See 9904 or 9905, as applicable.) Negotiated contracts not exempt in accordance with 9903.201-1(b) shall be subject to CAS. A CAS-covered contract may be subject to full, modified or other types of CAS coverage.

The rules for determining the applicable type of CAS coverage are in 9903.201-2.

(b) The following categories of contracts and subcontracts are exempt from all CAS requirements:

(1) Sealed bid contracts.

(2) Negotiated contracts and subcontracts not in excess of \$500,000. For purposes of this paragraph (b)(2) an order issued by one segment to another segment shall be treated as a subcontract.

(3) Contracts and subcontracts with small businesses.

(4) Contracts and subcontracts with foreign governments or their agents or instrumentalities or, insofar as the requirements of CAS other than 9904.401 and 9904.402 are concerned, any contract or subcontract awarded to a foreign concern.

(5) Contracts and subcontracts in which the price is set by law or regulation.

(6) Firm fixed-priced and fixed-price with economic price adjustment (provided that price adjustment is not based on actual costs incurred) contracts and subcontracts for the acquisition of commercial items.

(7) Contracts or subcontracts of less than \$7.5 million, provided that, at the time of award, the business unit of the contractor or subcontractor is not currently performing any CAS-covered contracts or subcontracts valued at \$7.5 million or greater.

(8)-(11) [Reserved]

(12) Contracts and subcontracts awarded to the United Kingdom contractor for performance substantially in the United Kingdom, provided that the contractor has filed with the United Kingdom Ministry of Defence, for retention by the Ministry, a completed Disclosure Statement (Form No. CASB-DS-1) which shall adequately describe its cost accounting practices. Whenever that contractor is already required to follow U.K. Government Accounting Conventions, the disclosed practices shall be in accord with the requirements of those conventions. (See 9903.201-4(d).)

(13) Subcontractors under the NATO PHM Ship program to be performed outside the United States by a foreign concern.

(14) Contracts and subcontracts to be executed and performed entirely outside the United States, its territories, and possessions.

(15) Firm-fixed-price contracts or subcontracts awarded on the basis of adequate price competition without submission of cost or pricing data.

[57 FR 14153, Apr. 17, 1992; 57 FR 34167, Aug. 3, 1992, as amended at 58 FR 58801, Nov. 4, 1993; 59 FR 55753, Nov. 8, 1994; 60 FR 16540, Mar. 30, 1995; 61 FR 39361, July 29, 1996; 62 FR 31295, June 6, 1997; 65 FR 36769, June 9, 2000]

9903.201-2 Types of CAS coverage.

(a) *Full coverage.* Full coverage requires that the business unit comply with all of the CAS specified in part 9904 that are in effect on the date of the contract award and with any CAS that become applicable because of later award of a CAS-covered contract. Full coverage applies to contractor business units that—

(1) Receive a single CAS-covered contract award of \$50 million or more; or

(2) Received \$50 million or more in net CAS-covered awards during its preceding cost accounting period.

(b) *Modified coverage.* (1) Modified CAS coverage requires only that the contractor comply with Standard 9904.401, Consistency in Estimating, Accumulating, and Reporting Costs, Standard 9904.402, Consistency in Allocating Costs Incurred for the Same Purpose, Standard 9904.405, Accounting for Unallowable Costs and Standard 9904.406, Cost Accounting Standard—Cost Accounting Period. Modified, rather, than full, CAS coverage may be applied to a covered contract of less than \$50 million awarded to a business unit that received less than \$50 million in net CAS-covered awards in the immediately preceding cost accounting period.

(2) If any one contract is awarded with modified CAS coverage, all CAS-covered contracts awarded to that business unit during that cost accounting period must also have modified coverage with the following exception: if the business unit receives a single CAS-covered contract award of \$50 million or more, that contract must be subject to full CAS coverage. Thereafter, any covered contract awarded in