



# **Kaman**

## **U.S. Government Contracts**

### **Compliance Guide**

Revisions		
Rev Symbol	Description	Date
	Initial Release	January 12, 2017
A	Updated to reflect changes in FAR and DFAR	January 7, 2022

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## **1. INTRODUCTION AND OVERVIEW**

This Policy Guide provides a high level summary of critical United States Government (USG) contract requirements and guidance and direction for how Kaman business units will operate to comply with these contract requirements. Not all USG requirements are included in the Guide. USG requirements and applicability thresholds change frequently due to international agreements, change in law, and change in administration.

This Guide is not a substitute for proper reviewing, understanding, and complying with current FAR requirements incorporated into individual USG contracts and subcontracts.

## 2. U.S. GOVERNMENT CONTRACTS BASICS

Conducting business with the USG obligates the company and business units to comply with certain Federal Acquisition Regulations (FAR). Many of these requirements are required by law based on the contract value. USG agencies, such as the Department of (Defense DOD), National Aeronautics and Space Administration (NASA), or Department of Energy (DOE) issue FAR supplements to provide additional guidance unique to agency requirements. The DOD FAR Supplement (DFARS) applies to many of Kaman's USG contracts. Some requirements are identified in a DOD Directive (DODD) or DOD Instruction (DODI). For simplicity, the term "FAR" is used in the Guide to collectively include any agency supplement.

Business units may provide products or services for USG requirements either directly (e.g. a contract with a USG entity) or indirectly (e.g. through a USG prime contractor). Prime contractors are required to flow FAR and DFARS requirements from their USG prime contracts to suppliers and subcontractors.

USG requirements may be imposed at the contract, business unit, or corporate level. A contract requirement applies only to the contract which contains it (e.g. quality or delivery schedule). Registrations and certifications generally apply only to the business unit. Other USG requirements, such as ethics, apply to the entire company. Kaman expects employees, consultants, and agents to be aware of and comply with these broader USG requirements. This policy is stated in Kaman's Code of Business Conduct and Ethics.

The USG uses a number of acronyms in its daily operations. A Glossary of typical acronyms that employees might encounter while supporting USG requirements is included at the back of this Guide for convenience.

### 2.1 FAR Composition and Applicability

- The FAR is the "rule book" that applies to all USG contracts and subcontracts to provide contractors consistent performance requirements. The FAR is organized into "parts" which provide guidance on particular subject matters. An index of the FAR parts is provided at Appendix E.
- Clauses change frequently. The clause effective date is indicated by the month and year the clause was implemented or last changed. Unless otherwise specified, the contract incorporates the latest clause version as of the date the contract was signed.
  - Contract changes and modifications could implement new or changed clause requirements.
  - Some requirement changes could increase cost or risk in order to comply and should be reviewed prior to accepting them into a contract or contract modification.
- Many FAR clauses are required to be 'flowed down' from prime contractors to subcontractors.
  - Prime contractors may specify a non-current clause version based on their contract with the USG.
  - Prime contractors may tailor a clause to provide themselves the same rights as the USG customer. This tailoring must be scrutinized to ensure Kaman's rights, including proprietary information, are adequately protected.
- Definitions of USG acquisition and contracting terms are generally provided at FAR 2.101. FAR clauses may modify these definitions solely for the purpose of interpretation within that particular clause. Some terms are not universally defined. For instance, "subcontract",

“subcontractor”, and “supplier” do not appear in FAR 2.101. These terms are defined within multiple clauses.

- An electronic version of the FAR is available at <https://www.acquisition.gov/browse/index/far>
- An electronic version of the DFARS is available at <https://www.acquisition.gov/dfars>
- Employees should be familiar with contract requirements. Coordinate with the business unit’s contracts department if there is any question related to contract interpretation or performance.
- Routine training and understanding of the FAR, and any FAR changes, is necessary for business units that have USG contracts or subcontracts.

## **2.2 Key Government Personnel (FAR 1.602, 1.604, 42.303; DODD 5000.01)**

- Contracting Officer (CO) - COs have authority to enter into, interpret, administer, or terminate contracts and make related determinations and findings. Only a duly appointed CO may bind the USG and direct contractor performance.
  - Procuring Contracting Officer (PCO) – The CO at the buying activity who issues the contract.
  - Administrative Contracting Officer (ACO) – The CO who has the authority to administer the contract. ACO responsibility is delegated by the PCO.
- Contracting Officer’s Representative (COR) - The COR is delegated certain responsibilities by the CO to help oversee contract performance. The COR has no authority to make any commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract nor in any way direct the contractor or its subcontractors to operate in conflict with the contract terms and conditions.
- The Program Manager (PM) is the designated individual with responsibility for and authority to accomplish program objectives for development, production, and sustainment to meet the user’s operational needs.

## **2.3 Government Agency Roles**

- [Defense Contract Management Agency \(DCMA\)](#) provides contract administration services for the Department of Defense, other federal organizations and international partners, and is an essential part of the acquisition process from pre-award to sustainment.
- [Defense Contract Audit Agency \(DCAA\)](#) provides audit and financial advisory services to the Department of Defense (DOD) and other federal entities responsible for acquisition and contract administration. DCAA’s role in the financial oversight of government contracts is critical to ensure DOD gets the best value for every dollar spent on defense contracting.
- [Small Business Administration \(SBA\)](#) is an independent federal agency established to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.

## **2.4 Implied and Express Authority**

- The USG does not recognize implied authority of USG employees. USG employees only operate with the express authority granted by letter of delegation or as specified in the FAR.
- Implied authority. An agent with the jurisdiction to perform acts which are reasonably necessary to accomplish the purpose of an organization. Under contract law, implied authority figures have the ability to make a legally binding contract on behalf of another person or company.
- Express or actual authority is distinctly stated (not implied) specific, written authority.



- There are rare instances when a CO provides verbal direction to a contractor. Employees should document the discussion and follow-up with the business unit contracting representative to ensure the verbal direction is followed by the CO's written direction.

## 2.5 Acquisition Thresholds

- The FAR will frequently make reference to “thresholds” which impose applicability of USG requirements. Commonly used threshold terms are included here. These thresholds are subject to change.
- **Simplified Acquisition Threshold (SAT)** (FAR 2.101) currently means \$250,000 (effective as of August 31, 2020). However, please note that adjustments to the Simplified Acquisition Threshold may be made by the USG during national emergency situations (e.g., acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation; to facilitate defense against or recovery from cyber, nuclear, biological, chemical, or radiological attack; to support a request from the Secretary of State or the Administrator of the United States Agency for International Development to facilitate provision of international disaster assistance pursuant to 22 U.S.C. 2292 et seq.; or to support response to an emergency or major disaster).
- Threshold for obtaining certified cost or pricing data is commonly referred to as the Truthful Cost or Pricing Data threshold (previously known as Truth in Negotiations Act or TINA). The Truthful Cost or Pricing Data threshold is reviewed and adjusted every five years and was last set at \$750,000 for prime contracts awarded before July 1, 2018, and \$2 million for prime contracts awarded on or after July 1, 2018.
- The **Small Business Plan** threshold is set at \$750,000 (\$1.5 million for construction). Contracts above this amount require a Small Business Subcontracting Plan. (FAR 19.702(a)).
- **Micro-purchase threshold** (FAR 2.101) currently means \$10,000 (effective as of August 31, 2020). The USG may use streamlined procedures when purchasing goods and services below the micro-purchase threshold.

## 2.6 Improper Business Practices and Personal Conflicts Of Interest (52.203-13)

The USG requires contractors to have a written code of business conduct. The Kaman Code of Business Conduct and Ethics requires each officer, director, employee, and subcontractor to use good ethical judgment when conducting Company business and to comply with applicable laws, rules, and regulations.

## 2.7 Contract Types (FAR 52.216-1 through 52.216-17, 52.216-20, 52.216-22 thru 52.216-27; DFARS 217.74)

- The USG may award a contract or a purchase order (PO). The terms contract and PO are often used interchangeably.
  - “Contract” means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing.
  - “Purchase order” means an offer by the USG to buy supplies or services using simplified acquisition procedures.
- Contracts are broadly categorized as fixed price or cost reimbursable. Each of these contract types can be subdivided into subcategories. Not all contract types will be encountered in Kaman's operations, so they are not discussed here. Additional information on other contract types is provided at Appendix F.

- Fixed price contracts are generally used when performance risks are low and cost elements can be clearly identified, measured, and predicted. The contractor assumes the risks inherent in the contract, benefitting if the actual costs are lower than expected and absorbing the increased cost if the work cannot be completed within the contracted price.
- Cost reimbursement contracts are generally used when there are highly uncertain and speculative labor hours, labor mix, and/or material requirements necessary to perform the contract. The Government assumes the risks inherent in the contract, benefitting if the actual cost is lower than the expected cost and absorbing the increased costs if the work cannot be completed within the expected cost of performance. Cost-reimbursement contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts include an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor cannot exceed (except at its own risk) without the approval of the CO.
- The contract type is selected by the CO based on assessment of risk.
  - The contract type may be negotiated if the contractor has a compelling reason and the CO agrees.
  - A contract may have line items with different contract types. Each line item should reflect only one contract type.
- Typical contract types which Kaman encounters:
  - Firm-fixed-price (FFP) – A FFP contract provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. This contract type is used when the requirement is well-defined, a fair and reasonable price can be determined, and the contractor is willing to accept the FFP based on perceived financial or performance risks.
  - Cost plus fixed fee (CPFF) – A CPFF contract provides reimbursement of a negotiated fee and actual costs incurred. The fee does not change regardless of the cost incurred during contract performance. A CPFF contract must be negotiated and include the applicable Limitation of Cost clause(s) at FAR 52.232-20 through 23.
  - Time and Material (T&M) – The contract provides a ceiling price, per-hour labor rate that include wages, overhead, general and administrative expenses, and profit, for each labor category, business unit, and subcontractor performing the contract. There are also provisions for reimbursing direct material costs and material handling costs without profit.
- Other Contract Instruments
  - Unfixed-price Contract Action (UCA) – A UCA is any contract action for which the contract terms, specifications, or price are not agreed upon before performance begins. UCAs should provide a not-to-exceed (NTE) price, definitization schedule, any cost or funding limitations, and the anticipated contract type. There may be limitations on payment of costs incurred prior to contract definitization.
  - Indefinite Delivery Indefinite Quantity (IDIQ) – An IDIQ contract may be used when the Government cannot predetermine, above a specified minimum, the precise quantities of supplies or services that the Government will require during the contract period. The IDIQ specifies the ordering period; minimum and maximum quantities; statement of work; ordering procedures; and order limitations. The IDIQ includes terms and conditions which are incorporated into any orders placed under it. Delivery Orders (DO)

may be fixed price or cost reimbursable. The USG is only obligated to purchase the minimum quantity specified in the basic IDIQ.

- Multiple Award IDIQ – The USG may award IDIQ contracts to additional contractors for similar requirements. In these instances, each DO may be competed between the IDIQ contract holders.
- Basic Ordering Agreement (BOA) – A BOA may be used to expedite contracting for uncertain requirements for supplies or services when specific items, quantities, and prices are not known at the time the agreement is executed, but a substantial number of requirements for the type of supplies or services covered by the agreement are anticipated to be purchased. The BOA includes terms and conditions which apply to any future orders; a description of supplies or services to be provided; and methods for pricing, issuing, and delivering future orders under the BOA. A BOA is not a contract. Each order, or “call”, under a BOA is treated as a separate PO or contract for USG threshold considerations. The USG is not obligated to place any orders under a BOA.

## **2.8 FAR Part 12 (Acquisition of Commercial Items) vs. FAR Part 15 (Contracting by Negotiation)**

The U.S. Government and its prime contractors have a variety of acquisition paths available to them, which are governed by specific sections of the FAR dependent on the acquisition approach selected by the customer. While the ultimate discretion for how an item or service is procured is at the discretion of the customer, Kaman should be astutely aware of the approach selected and the requirements therein. In some instances, we may disagree with the acquisition method selected and should contact our Corporate Home Office for resolution when we have reason to believe a product or service is being solicited by a customer in a manner inconsistent with our interpretation of the product or service being sold. In general, the two (2) primary parts of the FAR that govern the acquisition approach of our customers are FAR Part 12 (Commercial Items) and FAR Part 15 (Contracting by Negotiation). By regulation, our customers are to procure under commercial FAR Part 12 to the maximum extent practical; followed by competitive acquisition pursuant to FAR Part 15; and lastly by way of sole-source procurement only when other acquisition methods cannot achieve a fair and reasonable procurement. See relevant Sections of this Guide, specifically Section 8 for further detail.

### 3. LEGAL CONSIDERATIONS

#### 3.1 Competition Laws

- The **Sherman Antitrust Act** is a landmark federal statute in the history of U.S. antitrust law (or "competition law") which prohibits certain business activities that USG deems to be anti-competitive or to artificially raise prices by restricting trade or supply.
- The **Clayton Antitrust Act** provides further clarification and substance to the Sherman Antitrust Act on topics such as price discrimination, price fixing and unfair business practices.
- **Competition in Contracting Act (CICA)** requires U.S. federal government agencies to arrange "full and open competition through the use of competitive procedures" in their procurement activities unless otherwise authorized by law. Circumstances permitting other than full and open competition are:
  - Only one responsible source and no other supplies or services will satisfy agency requirements
  - Unusual and compelling urgency
  - Industrial mobilization; engineering, developmental, or research capability, or expert services
  - International agreement
  - Authorized or required by statute
  - National security
  - Public interest

#### 3.2 Laws Related to Ethics

- The **Foreign Corrupt Practices Act (FCPA)** makes it unlawful to make payments to foreign government officials to assist in obtaining or retaining business.
- **Securities Exchange Act (SEA)** requires financial transparency and accuracy to reduce fraud or manipulation of securities, such as stocks, bonds and over-the-counter securities, markets. It governs the conduct of financial professionals including brokers, dealers and investment advisors, and prescribes the financial reports that publicly traded companies are required to disclose.
- **Sarbanes-Oxley Act (SOX)** mandates strict reforms to improve corporate financial disclosures and prevent accounting fraud to protect investors from the possibility of fraudulent activities.
- The **Procurement Integrity Act** prohibits disclosing or improperly obtaining procurement-sensitive information, such as contractor bid or proposal information and source selection information. Procurement Integrity Act prohibits current and former federal procurement officers and policy officials from knowingly disclosing or obtaining contractor bid or proposal information or source selection information.
- **Truthful Cost or Pricing Data (formerly known as Truth in Negotiations Act or TINA)** requires offerors to submit certified cost or pricing data if a negotiated contract exceeds the Truthful Cost or Pricing Data threshold and none of the exceptions to certified cost or pricing data requirements applies.
- The **False Claims Act** imposes liability on individuals and companies (typically federal contractors) who defraud governmental programs. It is USG's primary litigation tool in combating fraud against the Government.

- The **Ethics Reform Act** imposes post-employment restrictions on USG employees and provides rules concerning the acceptance gifts, the disclosure of gifts.
- The **Lobbying Disclosure Act** requires quarterly disclosure of a contractor's federal lobbying activities and semi-annual reporting of certain contributions such as campaign contributions. These reports must be filed even in reporting periods when the organization does not have any lobbying expenses or contributions.
- **Continued Dumping and Subsidy Offset Act**, commonly referred to as the **Byrd Amendment**, addresses funds raised from duties on imports that the U.S. government has determined to be subsidized or otherwise unfairly priced. Non-US firms which sell below cost price in the U.S. can be fined, and the money given to the U.S. companies who made the complaint.
- **Executive Order 13627** "Strengthening Protections Against Trafficking in Persons in Federal Contracts" requires USG contractors and subcontractors to not engage in the use of forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery, to not procure commercial sex acts, or engage in trafficking of persons.

### 3.3 Human Resources and Labor Laws

- **Walsh Healy Act** establishes minimum wage, maximum hours, and safety and health standards for work on contracts in excess of \$15,000 for the manufacturing or furnishing of materials, supplies, articles, or equipment to the USG.
- **Service Contract Act** requires contractors and subcontractors performing services on prime contracts in excess of \$2,500 to pay service employees prevailing wage rates in the local area. The Department of Labor issues wage determinations on a contract-by-contract basis in response to specific requests from contracting agencies. These determinations are incorporated into the contract.
- The **Contract Work Hours and Safety Standards Act** applies to USG service or construction contracts worth over \$100,000 and requires contractors and subcontractors to pay laborers and mechanics overtime pay. This Act also prohibits unsanitary, hazardous, or dangerous working conditions.
- **Drug-Free Workplace Act** requires contractors to provide drug-free workplaces. Employees are required to notify the employer, within five calendar days, if he or she is convicted of a criminal drug violation in the workplace.
- **Rehabilitation Act** prevents intentional or unintentional discrimination based on a person's disability.
- A number of laws apply to the employment and treatment of military veterans. These laws prohibit employers from discriminating against veterans and encourage employers to hire, train, and retain veterans.
  - **Vietnam Era Veterans' Readjustment Assistance Act**
  - **Veterans Employment Opportunities Act**
  - **Jobs for Veterans Act**
- The **Fair Labor Standards Act (FLSA)** sets a federally mandated minimum wage and maximum hours for a work week. It also provides standards regarding overtime pay, pay equality, record-keeping and child labor.

- **National Labor Relations Act** grants employees the right to form or join unions; engage in protected, concerted activities to address or improve working conditions; or refrain from engaging in these activities.

### 3.4 Other Legal Considerations

- The **Christian Doctrine** is a legal tenet applied to USG contracts based on a court ruling which includes a clause in a prime contract even if it is intentionally, or unintentionally, omitted.
  - The case held that standard clauses established by law may be considered as being in every Federal contract.
  - Because the FAR is the law, and government contractors are presumed to be familiar with the FAR, a mandatory clause that expresses a significant or deeply ingrained strand of public procurement policy will be incorporated into a Government contract by operation of law.
- The **Defense Priorities Allocation System** (DPAS) assures the timely availability of industrial resources to meet current national defense and emergency preparedness program requirements. DPAS authorizes the President to require preferential treatment of national defense programs over commercial contract deliveries. DPAS is discussed further in Section 9.3 of this Guide.
- The **Freedom of Information Act** allows for the full or partial disclosure of previously unreleased information and documents controlled by the USG. FOIA is discussed further in Section 4.3 of this Guide.
- Additional compliance requirements may be included in an Executive Order or the federal procurement law and budgeting process.

## **4. SAFEGUARDING AND RELEASE OF INFORMATION**

### **4.1 Kaman Information**

- A USG request for proposals (RFP) or invitation for bids (IFB) may require specific marking requirements. Failure to follow the directions of the RFP or IFB could invalidate the markings and desired protection.
- Technical information includes specifications and drawings which are developed by Kaman.
- Work instructions are considered proprietary and should not be released outside the company.
- Finance information includes, but is not limited to profit objectives; sales forecasts; quarterly and annual financial performance (prior to public release); contract proposal cost elements; and information used to develop billing, bid and proposal rates.
- Ensure all Kaman proprietary and financial information is marked with the appropriate identification (e.g. “Proprietary” or “Company Private”) on each page.
- USG contract regulations require contractors to state any ownership of technical data during the proposal process (See Section 4.2 of this Guide). It is imperative that all Kaman and subcontractor data rights assertions are properly identified in contracts and proposals. If Kaman’s rights and ownership of proprietary data is not properly asserted to the USG or prime contractors, we could inadvertently waive our rights to protect the data in the current and future contracts. Include all Kaman and subcontractor data rights assertions in contract proposals. Verify that the asserted rights are included in the contract during the contract review process.

### **4.2 Rights in Technical Data (DFARS 252.227-7013 through 252.227-7024, DODI 5230.24)**

- Information that is developed or provided under a USG contract may or may not be owned by the USG. The legal right to that data is determined by the funding used in the development or as negotiated in the contract. The USG is generally provided a royalty free, world-wide, nonexclusive, irrevocable license right to the technical data as further defined in the individual contract.
  - “Technical data” means recorded information, regardless of the form or method of the recording, of a scientific or technical nature (including computer software documentation). The term does not include computer software or data incidental to contract administration, such as financial and/or management information.
  - “Unlimited Rights” provides the USG the right to use the data without restriction. Unlimited Rights are provided when the data was developed exclusively at USG expense, when other protections have expired, when data is publicly available, or when the USG has obtained unlimited rights by way of another contract.
  - “Government Purpose Rights” provides the USG the right to use, modify, reproduce, release, perform, display, or disclose technical data within the Government without restriction for five (5) years. The USG obtains Government Purpose Rights for technical data that was developed with a combination of USG and contractor funding. The USG may also release or disclose technical data outside the Government for USG purposes only. The five (5) year period may be negotiated. Following this period, the USG obtains Unlimited Rights to the data.
  - “Limited Rights” are provided to the USG when the data are developed exclusively at private expense. The USG cannot release the data to other contractors without our prior written consent. In such instances, they must notify the contractor and the contractor may require the other contractor to enter into a non-disclosure agreement.



- “Restricted Rights” applies only to noncommercial computer software. It provides the USG the right to use a computer program with one computer at one time. The program may not be accessed by more than one terminal or central processing unit or time shared unless otherwise permitted by the contract. The USG may not decompile, disassemble, or reverse engineer the software.
- “Specifically negotiated license rights” may be used to provide the USG specific data rights, including the Government Purpose Rights period. Ensure that any specifically negotiated rights are identified in a license agreement and made part of the contract.
- “Detailed manufacturing or process data” means technical data that describe the steps, sequences, and conditions of manufacturing, processing or assembly used by the manufacturer to produce an item or component or to perform a process. USG data rights do not give the USG the right to Kaman’s detailed manufacturing processes.
- Contractors assert their data ownership during the proposal process. The primary clauses Kaman encounters are DFARS 252.227-7013 Rights in Technical Data--Noncommercial Items and 252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation. Each of these clauses has a table to complete and submit during the proposal process. The table is incorporated into the resultant contract. The clauses and assertion table formats are provided at Appendix H for convenience.
  - The information required includes: basis of assertion, type of rights being asserted (e.g. Limited or Government Purpose), and the list of data being protected. Include any subcontractor data rights assertions in the clause. The clause, with any data rights assertions, is incorporated into the resultant contract.
  - Ensure that the most current version of the proper clause is used when submitting the proposal.
- Data and software provided to the USG must be conspicuously and legibly marked with a protective legend. The required format and language is specified in DFARS 252.227-7013 Rights in Technical Data--Noncommercial Items and 252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation. Protective legend formats from these clauses are provided at Appendix I for convenience.

#### **4.3 Cybersecurity and Control of US Government Information (FAR 52.204-21, DFARS 203.104-4, 252.204-7008, 252.204-7009, 252.204-7012), DODI 5230-24**

- Contractors and subcontractors are expected to safeguard USG information (e.g. specifications and drawings) from unauthorized access and disclosure. DOD requires that contractors provide adequate security of “covered defense information” and report any “cyber incidents” to the USG (and prime contractor when applicable) within 72 hours of actual or suspected compromise of the information systems housing USG information.
  - “Cyber incident” means actions taken through the use of computer networks that result in a compromise or an actual or potentially adverse effect on the information system and/or the information residing therein.
  - “Covered defense information” is unclassified controlled technical information that requires safeguarding or dissemination controls and is —
    - (1) Marked or otherwise identified in the contract, task order, or delivery order and provided to the contractor by or on behalf of DoD in support of the performance of the contract; or



(2) Collected, developed, received, transmitted, used, or stored by or on behalf of the contractor in support of the performance of the contract.

- Covered defense information is marked by the USG with a “Distribution Statement” which specifies the level of protection required for technical documents. There are seven Distribution Statements, A thru F, summarized in Appendix G.
- Kaman should normally receive unclassified technical data marked as Distribution Statement A, C, or D.
  - Consult with your local Facility Security Officer (FSO) if in receipt of any classified documents such as Confidential, Secret, or Top Secret.
  - Mark documents which are derived or extracted from USG information with the Disclosure Statement on the original document.
- Report cyber incidents to the USG and prime contractor (if applicable) within prescribed timeframes following IT Policy and guidance.

#### **4.4 Customer and Supplier Information**

- Customer and supplier information may require unique protection requirements as specified in contract or purchase agreements or in standalone non-disclosure agreements.
- Protect customer and supplier information in accordance with agreement and as indicated on the written documents.
- Treat unmarked customer or supplier technical and financial information with the same level of protection as Kaman information. Coordinate with the customer/supplier for proper marking and protection requirements.
- It is the subcontractor’s responsibility to assert any data rights as part of their proposal and contract negotiation process with Kaman. Kaman must include these data rights assertions in its contracts with the USG or prime contractor.

#### **4.5 Freedom of Information Act (FOIA) (FAR 24.2, 52.215-1)**

- USG contracts are public records and, as such, may be releasable to the general public.
- The Freedom of Information Act (FOIA) generally provides that any person has a right, enforceable in court, to obtain access to federal agency records, except to the extent that such records (or portions of them) are protected from public disclosure by one of nine exemptions, or by one of three special law enforcement record exclusions. The nine FOIA exemptions are:
  1. Protects properly classified information.
  2. Protects records that are “related solely to the internal personnel rules and practices of an agency.”
  3. Protects information that has been “specifically exempted from disclosure by statute.”
  4. Trade secrets and commercial or financial information obtained from a person that is privileged or confidential.
  5. Inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency. This exemption includes the USG’s attorney work products.
  6. Information in personnel and medical files and similar files when disclosure would constitute a clearly unwarranted invasion of personal privacy.

7. Law enforcement information related to on-going proceedings, personal privacy, confidential sources, and techniques and procedures.
8. Matters contained in or related to examination, operating, or condition reports prepared by or for regulators or supervisors of financial institutions.
9. Geological information and data, including maps, concerning wells

Legal exclusions to FOIA that apply to federal law enforcement agencies and are not discussed further in this Guide.

- Certain documents such as financial or proprietary information are specifically exempt from public release provided they are properly marked. It is the contractor's responsibility to identify and mark documents which they want to protect from disclosure.
  - Review all documents provided to the USG to ensure they are properly marked to protect Kaman information. Identifying documents as "company private," "proprietary," or "confidential" may preclude public disclosure.
  - Documents must be marked on each page. Individual pages which are not properly identified and marked could be released under FOIA.
  - The USG may challenge document markings which they believe to be inappropriate. Consult the Kaman Corporate Government Contracts Manager if document markings are challenged by the USG.
- Each USG agency is responsible for implementing FOIA. Links to some of the USG agencies Kaman does business with are provided for convenience.
  - DOD FOIA guidance is available at <http://www.dodig.mil/Foia/guidelines.html>
  - The Air Force FOIA <http://www.foia.af.mil/>
  - Army <https://www.rmda.army.mil/foia/RMDA-FOIA-Division.html>
  - Navy <http://www.secnv.navy.mil/foia/Pages/default.aspx>
  - Marines <http://www.hqmc.marines.mil/Agencies/USMC-FOIA/>
  - NASA <https://www.hq.nasa.gov/office/pao/FOIA/>
  - A Freedom of Information Act guide and other resources are available at the Department of Justice website under FOIA reference materials: <http://www.usdoj.gov/oip>

## 5. REGISTRATIONS AND BUSINESS SYSTEMS REQUIREMENTS

Business units supporting USG requirements, directly or indirectly, are required to maintain registrations, establish and maintain business systems, and certify compliance. Designate individual(s) responsible for maintaining business systems and registrations when required.

### 5.1 Contractor and Government Entity (CAGE) Code

- The CAGE is a unique 5-digit, alpha-numeric identifier assigned to entities registering to do business with the USG.
- For entities located in the United States, the CAGE code is assigned by the [Defense Logistics Agency \(DLA\)](#).
- For entities located outside the United States, the CAGE code is assigned using the [NATO Codification Tools](#) (and is sometimes referred to as a NATO-CAGE code, or NCAGE code).

### 5.2 Data Universal Numbering System (DUNS) Number

- A DUNS number is a 9-digit, unique entity identifier.
- DUNS numbers are issued by the commercial company [Dun & Bradstreet \(D&B\)](#).
- A DUNS number can take up to 30 business days to process.

### 5.3 Business Registration – System for Award Management (SAM) (FAR 52.204-7)

- The [System for Award Management \(SAM\)](#) is the primary, centralized, USG repository for contractor information for certain contracting, grants, and other assistance-related processes. SAM contains a number of clauses and provisions which are commonly included in a contract solicitation. Some clauses and provisions require certification. An improper certification could be considered a “false claim” and punishable under the False Claims Act (FCA).
- Business units are responsible for the accuracy and completeness of the data within their SAM registration, and for reviewing the registration not less than annually and whenever there is a material change to any registration information. Each business unit must designate an individual responsible for maintaining the content and accuracy of its SAM registration. Update the registration for any changes in employees identified within SAM or organization structure.
  - Failure to maintain a current SAM registration renders the business unit ineligible to receive new direct USG contracts.
  - The USG cannot make payment on existing contracts to a business with an expired registration.
  - Updating information in the SAM does not alter the terms and conditions of a contract and is not a substitute for properly executed contractual documents.
- SAM registrations require CAGE/NCAGE code and a unique entity identifier. The DUNS number serves as a unique entity identifier. The business unit’s CAGE/NCAGE, DUNS, and Tax Identification Number (TIN) registered with the Internal Revenue Service (IRS) information must match exactly in order to obtain and maintain a SAM registration. These identifiers form part of the Entity Management section in SAM.
- Additional information on annual registration and certification requirements are available at <https://www.acquisition.gov>.

*KAG Standard (Functional Responsible Area – Contracts):*

- All KAG operating business units are required to establish and maintain a SAM registration.
- Annually document the business unit’s compliance status using the template at Appendix A.

## **5.4 Contractor Business Systems**

- Some DOD contracts require specific business systems to be in place. These systems are subject to USG review and approval. Failing to maintain “acceptable” business systems required by contract could result in the USG withholding payment.
- Progress payments may be reduced on contracts when one or more of these business systems are deemed “unacceptable”.
  - Accounting System (DFARS 252.242-7006)
  - Earned Value Management System (DFARS 252.234-7002)
  - Cost Estimating System (DFARS 252.215-7002)
  - Material Management Accounting System (DFARS 252.242-7004)
  - Property Management System (DFARS 252.245-7003)
  - Purchasing System (DFARS 252.244-7001)
- Deficiencies and non-conformances may be subject to the USG corrective action process (see section 10.8 of this Guide).
- Note that even if the specific DFARS provisions are not incorporated into a contract, the criteria found in the respective DFARS business system provisions are the criteria to which auditors hold Kaman during audits. Business units with Government contracts, whether these are incorporated by contract reference or not, should be aware of how these requirements pertain to their business
- Notify the Kaman Corporate Government Contracts Manager of any DCMA or DCAA scheduled business system audits.
- Provide a copy of the final audit report to the Kaman Corporate Government Contracts Manager along with the information concerning any findings, concerns, deficiencies using the template at Appendix A.

*KAG Standard (Functional Responsible Area – Finance, Purchasing, Materials/Supply Chain, Estimating):*

Annually document the business unit’s compliance status for each business system using the template at Appendix A.

### **5.4.1 Accounting System (DFARS 252.242-7006)**

- Accounting systems are required for cost-reimbursement, incentive type, time-and-materials, or labor-hour contracts or contracts which provide for progress payments based on costs or on a percentage or stage of completion.

- DFARS defines the accounting system “as the system or systems for accounting methods, procedures, and controls established to gather, record, classify, analyze, summarize, interpret, and present accurate and timely financial data for reporting in compliance with applicable laws, regulations, and management decisions”. The accounting system should provide:
  - (1) A sound internal control environment, accounting framework, and organizational structure;
  - (2) Proper segregation of direct costs from indirect costs;
  - (3) Identification and accumulation of direct costs by contract;
  - (4) A logical and consistent method for the accumulation and allocation of indirect costs to intermediate and final cost objectives;
  - (5) Accumulation of costs under general ledger control;
  - (6) Reconciliation of subsidiary cost ledgers and cost objectives to general ledger;
  - (7) Approval and documentation of adjusting entries;
  - (8) Management reviews or internal audits of the system to ensure compliance with the Contractor’s established policies, procedures, and accounting practices;
  - (9) A timekeeping system that identifies employees’ labor by intermediate or final cost objectives;
  - (10) A labor distribution system that charges direct and indirect labor to the appropriate cost objectives;
  - (11) Interim (at least monthly) determination of costs charged to a contract through routine posting of books of account;
  - (12) Exclusion from costs charged to Government contracts of amounts which are not allowable in terms of Federal Acquisition Regulation (FAR) part 31, Contract Cost Principles and Procedures, and other contract provisions;
  - (13) Identification of costs by contract line item and by units (as if each unit or line item were a separate contract), if required by the contract;
  - (14) Segregation of preproduction costs from production costs, as applicable;
  - (15) Cost accounting information, as required—
    - (i) By contract clauses concerning limitation of cost (FAR 52.232-20), limitation of funds (FAR 52.232-22), or allowable cost and payment (FAR 52.216-7); and
    - (ii) To readily calculate indirect cost rates from the books of accounts;
  - (16) Billings that can be reconciled to the cost accounts for both current and cumulative amounts claimed and comply with contract terms;
  - (17) Adequate, reliable data for use in pricing follow-on acquisitions; and
  - (18) Accounting practices in accordance with standards promulgated by the Cost Accounting Standards Board, if applicable, otherwise, Generally Accepted Accounting Principles.
- Accounting systems required by contract are subject to USG review regardless of contract value.

- An “acceptable accounting system” means that it complies with the system criteria and provide reasonable assurance that—
  - (1) Applicable laws and regulations are complied with;
  - (2) The accounting system and cost data are reliable;
  - (3) Risk of misallocations and mischarges are minimized; and
  - (4) Contract allocations and charges are consistent with billing procedures.

#### **5.4.2 Earned Value Management System (DFARS 252.234-7002)**

- An earned value management system (EVMS) is required for cost or incentive contracts and subcontracts valued over \$50M. The CO may include the requirement in contracts below \$20M based on the USG’s assessed or perceived risk. An EVMS which is required by contract is subject to USG review.
- An EVMS comply with the earned value management system guidelines in the ANSI/EIA-748. There are 32 guidelines that define a set of requirements that a contractor’s management system must meet. The objectives of an EVMS are to:
  - Relate time phased budgets to specific contract tasks and/or statements of work.
  - Provide the basis to capture work progress assessments against the baseline plan.
  - Relate technical, schedule, and cost performance.
  - Provide valid, timely, and auditable data/information for proactive project management analysis and action.
  - Supply managers with a practical level of summarization for effective decision making.
- The 32 guidelines in the EIA-748 Standard for EVMS are divided into five sections
  - Organization
  - Planning, Scheduling and Budgeting
  - Accounting Considerations
  - EVMS Analysis and EVMS Management Reports
  - Revisions and Data Maintenance
- The Business Unit’s internal systems must be able to provide:
  - Budgeted cost for work scheduled (BCWS), sometimes called the planned value.
  - Budgeted cost for work performed (BCWP) or earned value.
  - Actual cost of work performed (ACWP).
  - Budget at completion (BAC).
  - Estimate at completion (EAC).
  - Cost variance (CV) which is calculated as BCWP minus ACWP to determine if the contract is in a favorable (an underrun) or unfavorable (an overrun) condition.
  - Schedule variance (SV) which is calculated as BCWP minus BCWS to determine if the contract is in a favorable (ahead of schedule) or unfavorable (behind schedule) condition

- Variance at completion (VAC) which is calculated as BAC minus EAC.
- Any EVMS” means that the contractor uses—
  - (1) an EVMS that complies with the EVMS guidelines in the American National Standards Institute/Electronic Industries Alliance Standard 748, Earned Value Management Systems (ANSI/EIA-748); and
  - (2) management procedures that provide for generation of timely, reliable, and verifiable information for the Contract Performance Report (CPR) and the Integrated Master Schedule (IMS) required by the CPR and IMS data items of this contract.

#### **5.4.3 Cost Estimating System (DFARS 252.215-7002)**

- USG policy is that all contractors have acceptable estimating systems that consistently produce well-supported proposals used to negotiate of fair and reasonable prices.
- An “estimating system” means the contractor's policies, procedures, and practices for budgeting and planning controls, and generating estimates of costs and other data included in proposals submitted to customers in the expectation of receiving contract awards. Estimating system includes the Contractor's—
  - (1) Organizational structure;
  - (2) Established lines of authority, duties, and responsibilities;
  - (3) Internal controls and managerial reviews;
  - (4) Flow of work, coordination, and communication; and
  - (5) Budgeting, planning, estimating methods, techniques, accumulation of historical costs, and other analyses used to generate cost estimates.
- The estimating system is disclosed to the ACO in writing and accomplishes the following functions:
  - (1) Establish clear responsibility for preparation, review, and approval of cost estimates and budgets.
  - (2) Provide a written description of the organization and duties of the personnel responsible for preparing, reviewing, and approving cost estimates and budgets.
  - (3) Ensure that relevant personnel have sufficient training, experience, and guidance to perform estimating and budgeting tasks in accordance with the Contractor's established procedures.
  - (4) Identify and document the sources of data and the estimating methods and rationale used in developing cost estimates and budgets.
  - (5) Provide for adequate supervision throughout the estimating and budgeting process.
  - (6) Provide for consistent application of estimating and budgeting techniques.
  - (7) Provide for detection and timely correction of errors.
  - (8) Protect against cost duplication and omissions.



- (9) Provide for the use of historical experience, including historical vendor pricing data, where appropriate.
- (10) Require use of appropriate analytical methods.
- (11) Integrate data and information available from other management systems.
- (12) Require management review, including verification of compliance with the company's estimating and budgeting policies, procedures, and practices.
- (13) Provide for internal review of, and accountability for, the acceptability of the estimating system, including the budgetary data supporting indirect cost estimates and comparisons of projected results to actual results, and an analysis of any differences.
- (14) Provide procedures to update cost estimates and notify the CO in a timely manner throughout the negotiation process.
- (15) Provide procedures that ensure subcontract prices are reasonable based on a documented review and analysis provided with the prime proposal, when practicable.
- (16) Provide estimating and budgeting practices that consistently generate sound proposals that are compliant with the provisions of the solicitation and are adequate to serve as a basis to reach a fair and reasonable price.
- (17) Have an adequate system description, including policies, procedures, and estimating and budgeting practices, that comply with the FAR and DFARS.
- The estimating system is subject to USG review when a contractor has a total of \$50M of contracts and/or subcontracts for which certified cost or pricing data were required in the previous year. The CO may reduce the review threshold to \$10M.
- An “acceptable estimating system” complies with the system criteria (summarized above) and provides for a system that—
  - (1) Is maintained, reliable, and consistently applied;
  - (2) Produces verifiable, supportable, documented, and timely cost estimates that are an acceptable basis for negotiation of fair and reasonable prices;
  - (3) Is consistent with and integrated with the Contractor’s related management systems; and
  - (4) Is subject to applicable financial control systems.

#### **5.4.4 Material Management Accounting System (DFARS 252.242-7004)**

- A material management and accounting system (MMAS) is a system or systems for planning, controlling, and accounting for the acquisition, use, issuing, and disposition of material. An MMAS is required for DOD cost-reimbursement contracts and fixed-price contracts with progress payments which exceed the Simplified Acquisition Threshold.
- The MMAS should reasonably
  - (1) forecasts material requirements;
  - (2) ensures the cost of purchased and fabricated material charged or allocated to a contract are based on valid time-phased requirements; and



- (3) maintains a consistent, equitable, and unbiased logic for costing of material transactions.
- The MMAS may be a stand-alone system or integrated with planning, engineering, estimating, purchasing, inventory, accounting, or other systems. The MMAS requires adequate internal controls to ensure system and data integrity, and—
  - (1) Have an adequate system description including policies, procedures, and operating instructions that comply with the FAR and DFARS;
  - (2) Ensure that costs of purchased and fabricated material charged or allocated to a contract are based on valid time-phased requirements as impacted by minimum/economic order quantity restrictions.
    - (i) A 98 percent bill of material accuracy and 95 percent master production schedule accuracy are desirable as a goal in order to ensure that requirements are both valid and appropriately time-phased.
    - (ii) If systems have accuracy levels below these, the Business Unit shall provide adequate evidence that—
      - (A) There is no material harm to the USG due to lower accuracy levels; and
      - (B) The cost to meet the accuracy goals is excessive in relation to the impact on the USG;
  - (3) Provide a mechanism to identify, report, and resolve system control weaknesses and manual override. Systems should identify operational exceptions, such as excess/residual inventory, as soon as known;
  - (4) Provide audit trails and maintain records (manual and those in machine-readable form) necessary to evaluate system logic and to verify through transaction testing that the system is operating as desired;
  - (5) Establish and maintain adequate levels of record accuracy, and include reconciliation of recorded inventory quantities to physical inventory by part number on a periodic basis. A 95 percent accuracy level is desirable. If systems have an accuracy level below 95 percent, the Business unit shall provide adequate evidence that—
    - (i) There is no material harm to the USG due to lower accuracy levels; and
    - (ii) The cost to meet the accuracy goal is excessive in relation to the impact on the USG;
  - (6) Provide detailed descriptions of circumstances that will result in manual or system generated transfers of parts;
  - (7) Maintain a consistent, equitable, and unbiased logic for costing of material transactions as follows:
    - (i) The Business unit shall maintain and disclose written policies describing the transfer methodology and the loan/pay-back technique.
    - (ii) The costing methodology may be standard or actual cost, or any of the inventory costing methods in 48 CFR 9904.411-50(b). The Business unit shall maintain consistency across all contract and customer types, and from accounting period to accounting period for initial charging and transfer charging.

- (iii) The system should transfer parts and associated costs within the same billing period. In the few instances where this may not be appropriate, the Business unit may accomplish the material transaction using a loan/pay-back technique. The “loan/pay-back technique” means that the physical part is moved temporarily from the contract, but the cost of the part remains on the contract. The procedures for the loan/pay-back technique must be approved by the ACO. When the technique is used, the Business unit shall have controls to ensure—
    - (A) Parts are paid back expeditiously;
    - (B) Procedures and controls are in place to correct any overbilling that might occur;
    - (C) Monthly, at a minimum, identification of the borrowing contract and the date the part was borrowed; and
    - (D) The cost of the replacement part is charged to the borrowing contract;
- (8) Where allocations from common inventory accounts are used, have controls to ensure that—
  - (i) Reallocations and any credit due are processed no less frequently than the routine billing cycle;
  - (ii) Inventories retained for requirements that are not under contract are not allocated to contracts; and
  - (iii) Algorithms are maintained based on valid and current data;
- (9) Have adequate controls to ensure that physically commingled inventories that may include material for which costs are charged or allocated to fixed-price, cost-reimbursement, and commercial contracts do not compromise requirements of any of the MMAS standards. USG-furnished material shall not be—
  - (i) Physically commingled with other material; or
  - (ii) Used on commercial work; and
- (10) Be subjected to periodic internal reviews to ensure compliance with established policies and procedures.
- The MMAS is subject to USG review when a contractor has a total of \$40M of contracts and/or subcontracts for which certified cost or pricing data were required in the previous year.
- An “acceptable MMAS” generally complies with the system requirements of DFARS 252.242-7004 (summarized above).

#### **5.4.5 Property Management System (FAR 52.245-1; DFARS 252.245-7003)**

- “Property management system” means the contractor’s system or systems for managing and controlling USG property. A property management system is required for contracts, regardless of value, which the USG provides property (e.g. tooling or parts for repair) for contract performance. USG property includes all property owned or leased by the USG and consisting of GFP and contractor acquired property which will become the property of the USG; material, equipment, special tooling, special test equipment; and real property. GFP does not include intellectual property or software.
- The property management system provides USG accounting source data, as may be required by a contract, particularly in the areas of recognition of acquisitions, loss of

USG property, and disposition of material and equipment. A property management system implements property management plans, systems, and procedures at the contract, program, site or entity level to enable the following outcomes:

- (1) Document that all property was acquired consistent with its engineering, production planning, and property control operations.
- (2) Receive USG property and document the receipt, record the information necessary to meet the record requirements, identify as USG owned in a manner appropriate to the type of property (e.g., stamp, tag, mark, or other identification), and manage any discrepancies incident to shipment.
- (3) Create and maintain records of all USG property accountable to the contract. Property records should provide a complete, current, auditable record of all transactions and contain the following:
  - i. The name, part number and description, National Stock Number (if needed for additional item identification tracking and/or disposition) and other data elements as necessary and required in accordance with the terms and conditions of the contract.
  - ii. Quantity received (or fabricated), issued, and balance-on-hand.
  - iii. Unit acquisition cost.
  - iv. Unique-item identifier or equivalent (if available and necessary for individual item tracking).
  - v. Unit of measure.
  - vi. Accountable contract number or equivalent code designation.
  - vii. Location.
  - viii. Disposition.
  - ix. Posting reference and date of transaction.
  - x. Date placed in service (if required in accordance with the terms and conditions of the contract).
- (4) Periodically perform, record, and disclose physical inventory results. A final physical inventory is required upon contract completion or termination.
- (5) Award subcontracts that clearly identify items to be provided and the extent of any restrictions or limitations on their use. Ensure appropriate flow down of contract terms and conditions (e.g., extent of liability for loss of USG property). Administer and periodically review subcontractors to determine the adequacy of the subcontractor's property management system.
- (6) Create and provide reports of discrepancies, loss of USG property, physical inventory results, audits and self-assessments, corrective actions, and other property related reports as directed by the CO.
- (7) Promptly recognize, investigate, disclose and report loss of USG property, including losses that occur at subcontractor or alternate site locations.
  - (A) Include the corrective actions necessary to prevent recurrence.

(B) Investigate and report to the USG all incidents of property loss as soon as the facts become known. Such reports shall, at a minimum, contain the following information:

- i. Date of incident (if known).
  - ii. The data elements required in the property records.
  - iii. Quantity.
  - iv. Accountable contract number.
  - v. A statement indicating current or future need.
  - vi. Unit acquisition cost, or if applicable, estimated sales proceeds, estimated repair or replacement costs.
  - vii. All known interests in commingled material of which includes USG material.
  - viii. Cause and corrective action taken or to be taken to prevent recurrence.
  - ix. A statement that the USG will receive compensation covering the loss of USG property, in the event the business unit was or will be reimbursed or compensated.
  - x. Copies of all supporting documentation.
  - xi. Last known location.
  - xii. A statement that the property did or did not contain sensitive, export controlled, hazardous, or toxic material, and that the appropriate agencies and authorities were notified.
- (8) Utilize, consume, move, and store USG Property only as authorized under the contract. Promptly disclose and report USG property that is excess to contract performance. Do not commingle USG material with material not owned by the USG.
- (9) Properly maintain USG property. The business unit's maintenance program should enable the identification, disclosure, and performance of normal and routine preventative maintenance and repair. Disclose and report to the USG the need for replacement and/or capital rehabilitation.
- (10) Perform and report contract property closeout, to include reporting, investigating and securing closure of all loss of USG property cases; physically inventorying all property upon termination or completion of this contract; and disposing of items at the time they are determined to be excess to contractual needs.
- The property management system is subject to USG review regardless of contract value.
  - An "Acceptable property management system" means a property system that complies with the system criteria of FAR 52.245-1 (summarized above).

#### **5.4.6 Purchasing System (FAR 52.244-2; DFARS 252.211-7003, 252.244-7001, 252.246-7007)**

- "Purchasing system" means the Contractor's system or systems for purchasing and subcontracting, including make-or-buy decisions, the selection of vendors, analysis of quoted prices, negotiation of prices with vendors, placing and administering of orders, and expediting delivery of materials. A purchasing system is required for cost-

reimbursement; undefinitized; time and materials; labor hour; and fixed-price contracts which allow for issuing unpriced contract actions.

- Failure to maintain an acceptable purchasing system could require the CO's written consent prior to a business unit signing a subcontract (see Section 11.3 of this Guide).
- The Business Unit's purchasing system should:
  - (1) Have an adequate system description including policies, procedures, and purchasing practices that comply with the FAR and DFARS;
  - (2) Ensure that all applicable purchase orders and subcontracts contain all flowdown clauses, including terms and conditions and any other clauses needed to carry out the requirements of the prime contract;
  - (3) Maintain an organization plan that establishes clear lines of authority and responsibility;
  - (4) Ensure all purchase orders are based on authorized requisitions and include a complete and accurate history of purchase transactions to support vendor selected, price paid, and document the subcontract/purchase order files which are subject to USG review;
  - (5) Establish and maintain adequate documentation to provide a complete and accurate history of purchase transactions to support vendors selected and prices paid;
  - (6) Apply a consistent make-or-buy policy that is in the best interest of the USG;
  - (7) Use competitive sourcing to the maximum extent practicable, and ensure debarred or suspended Business Units are properly excluded from contract award;
  - (8) Evaluate price, quality, delivery, technical capabilities, and financial capabilities of competing vendors to ensure fair and reasonable prices;
  - (9) Require management level justification and adequate cost or price analysis, as applicable, for any sole or single source award;
  - (10) Perform timely and adequate cost or price analysis and technical evaluation for each subcontractor and supplier proposal or quote to ensure fair and reasonable subcontract prices;
  - (11) Document negotiations in accordance with FAR 15.406-3;
  - (12) Seek, take, and document economically feasible purchase discounts, including cash discounts, trade discounts, quantity discounts, rebates, freight allowances, and company-wide volume discounts;
  - (13) Ensure proper type of contract selection and prohibit issuance of cost-plus-a-percentage-of-cost subcontracts;
  - (14) Maintain subcontract surveillance to ensure timely delivery of an acceptable product and procedures to notify the USG of potential subcontract problems that may impact delivery, quantity, or price;
  - (15) Document and justify reasons for subcontract changes that affect cost or price;

- (16) Notify the USG of the award of all subcontracts that contain the FAR and DFARS flowdown clauses that allow for USG audit of those subcontracts, and ensure the performance of audits of those subcontracts;
  - (17) Enforce adequate policies on conflict of interest, gifts, and gratuities, including kickbacks;
  - (18) Perform internal audits or management reviews, training, and maintain policies and procedures for the purchasing department to ensure the integrity of the purchasing system;
  - (19) Establish and maintain policies and procedures to ensure purchase orders and subcontracts contain mandatory and applicable flowdown clauses, as required by the FAR and DFARS, including terms and conditions required by the prime contract and any clauses required to carry out the requirements of the prime contract, including the requirements of DFARS 252.246-7007, Contractor Counterfeit Electronic Part Detection and Avoidance System, if applicable;
  - (20) Provide for an organizational and administrative structure that ensures effective and efficient procurement of required quality materials and parts at the best value from responsible and reliable sources, including the requirements of DFARS 252.246-7007, if applicable;
  - (21) Establish and maintain selection processes to ensure the most responsive and responsible sources for furnishing required quality parts and materials and to promote competitive sourcing among dependable suppliers so that purchases are reasonably priced and from sources that meet Business Unit quality requirements, including the requirements of DFARS 252.246-7007, , and the item marking requirements of 252.211-7003, Item Unique Identification and Valuation, if applicable;
  - (22) Establish and maintain procedures to ensure performance of adequate price or cost analysis on purchasing actions;
  - (23) Establish and maintain procedures to ensure that proper types of subcontracts are selected, and that there are controls over subcontracting, including oversight and surveillance of subcontracted effort; and
  - (24) Establish and maintain procedures to timely notify the CO, in writing, if—
    - (i) The Business Unit changes the amount of subcontract effort after award such that it exceeds 70 percent of the total cost of the work to be performed under the contract, task order, or delivery order. The notification shall identify the revised cost of the subcontract effort and shall include verification that the Business Unit will provide added value; or
    - (ii) Any subcontractor changes the amount of lower-tier subcontractor effort after award such that it exceeds 70 percent of the total cost of the work to be performed under its subcontract. The notification shall identify the revised cost of the subcontract effort and shall include verification that the subcontractor will provide added value as related to the work to be performed by the lower-tier subcontractor(s).
- The purchasing system is subject to USG review when a contractor's USG sales are expected to exceed \$50M in the next 12 months.

- An “Acceptable purchasing system” means a purchasing system that complies with the system criteria of DFARS 244-7001 (summarized above).

#### **5.4.7 Business Systems Approval**

- DOD contracts subject to USG Cost Accounting Standards (CAS) (see Section 6 of this Guide) require certain business systems to be deemed “acceptable” by the USG. System criteria are outlined in the specific clauses.
- If the contract provides for progress payments, these payments may be reduced when one or more of these contractor business systems are deemed “unacceptable”.
- Contractor Business Systems (DFARS 252.242-7005) applies to CAS-covered contracts. Progress payments may be reduced on contracts when one or more of these business systems are deemed “unacceptable”.
  - Accounting System (DFARS 252.242-7006)
  - Earned Value Management System (DFARS 252.234-7002)
  - Cost Estimating System (DFARS 252.215-7002)
  - Material Management Accounting System (DFARS 252.242-7004)
  - Property Management System (DFARS 252.245-7003)
  - Purchasing System (DFARS 252.244-7001)

#### *KAG Standard:*

Annually document the business unit’s business system compliance status using the template at Appendix A.

### **5.5 Government Performance Monitoring Systems**

The USG uses various electronic systems to monitor contractor performance. Some information is made publicly available while other information is used strictly within the USG. This information may be used as part of a source selection or contract award decision.

#### **5.5.1 Contractor Performance Assessment Reporting System (CPARS) (FAR 42.15)**

- CPARS is a paperless contractor evaluation system used by the USG to assist COs in determining contractor responsibility prior to awarding a contract. Negative comments in a CPARS assessment may prevent a contractor from receiving a contract.
- CPARS collects the assessment of a contractor’s performance, both strengths and weaknesses, providing a record of performance against a unique contract award or order.
  - Evaluations may include detailed and complete statements about the contractor’s performance and be based on objective data (or measurable, subjective data when objective data are not available) supported by program and contract/order management data.
  - Evaluation factors include technical (quality of product or service), cost control (unless the contract is fixed-price), schedule timeliness, business relations, and small business subcontracting (when applicable).



- CPARS assessments are a USG responsibility. Contracts exceeding the Simplified Acquisition Threshold are normally evaluated. The CO may issue a CPARS evaluation annually, based on the contract award date, and upon contract completion.
  - The USG Assessing Official (AO) completes the performance assessment and posts it to the CPARS site.
  - The Business Unit has 14 days to agree or disagree with the assessment and provide any additional supporting comment. The AO will either agree or disagree with the Business Unit's comments.
  - The evaluation will become final 15 days following the AO's evaluation signature date with or without contractor response.
- Individual CPARS assessments are not accessible to the public. The information which transfers from CPARS to FAPIIS is publicly available.
- Business Units should designate representatives to monitor and address CPARS evaluations.
  - Establish processes to ensure that CPARS ratings are reviewed and responded to, regardless of content, within the established CPARS time frames.
  - Review FAPIIS and PPIRS data to ensure CPARS information is accurately reflected.
  - Update CPARS when the designated employee is reassigned or departs the company.

#### **5.5.2 Past Performance Information Retrieval System (PPIRS) (FAR 9.104-6, 13.106-2, 15.407-1, 42.15; DFARS 213.106-2)**

- PPIRS is a USG-managed shared data warehouse of report cards that detail a contractor's performance on current or completed contracts. All data in PPIRS is classified as "Source Selection Sensitive" and is not releasable unless directed by the agency who submitted the data. This policy is in accordance with FAR 42.1503(4)(d).
- This information frequently includes information that is proprietary, such as trade secrets and confidential commercial or financial data that is not normally released under the FOIA.
- PPIRS information is restricted to use within the USG for source selection. Contracting officials and source selection team members are the only USG personnel with access to PPIRS.
- Contractors may obtain access to only their own data that is stored in PPIRS.
- Business Units should designate representatives to monitor and address PPIRS information.
  - Review FAPIIS and PPIRS data no less than quarterly to ensure that information is accurately reflected.
  - Work with the appropriate USG office to correct any inaccurate information.



**5.5.3 Federal Awardee Performance and Integrity Information System (FAPIS) (FAR 9.104-6, 15.407-1, 22.1704, 52.209-7, 52.209-9; DFARS 209.105-2-70)**

- [FAPIS](#) provides public access to integrity and performance information from the FAPIS reporting module in CPARS, proceedings information from the Entity Management section of SAM database, and suspension/debarment information from the Performance Information section of SAM.
  - FAPIS data represents three years of information related to areas such as debarments, defective pricing, contractor responsibility, and terminations.
- Supplier information can be reviewed as part of the supplier qualification and evaluation process.
- Business Units should designate representatives to monitor and address FAPIS information.
  - Review FAPIS and PPIRS data no less than quarterly to ensure CPARS information is accurately reflected.
  - Work with the appropriate USG office to correct any inaccurate information.

## 6. U.S. GOVERNMENT COST ACCOUNTING

### 6.1 US Government Rates

- Types of US Government Rates

Three types of rates may be used during the US Government contracting process:

- Forward Pricing Rates (FPR)

Forward pricing rates are used exclusively for cost/pricing purposes. FPRs are based on a current, accurate, and complete forecast, typically for five years, and must be changed when budget/forecast changes or significant effects affecting budget/forecast occur.

Business units may consider adoption of a Forward Pricing Rate Agreement (FPRA) with the U.S. Government if business circumstances warrant. Application for an FPRA should be coordinated with the Corporate Home Office.

- Provisional Billing Rates (PBR)

Provisional billing rates are used exclusively for billing under cost-type contracts, specifically cost-reimbursement and Time & Material contracts. PBRs require annual submission to and approval from DCAA or another USG auditing authority. Revisions to current PBRs may also be required any time significant variances appear to exist between provisional billing rate and anticipated actual rate.

In addition, PBRs are required to be settled against actual rates within six months of fiscal year end (e.g., June 30 of following year for FYE December 31). Please see section 6.5 on Incurred Cost Submittals for further Guidance on this process.

Note: PBR rates are for one-year while FPR rates are for five-years.

- Actual Rates (FAR 52.216-7)

Actual rates are used to settle provisional billing rates under cost-reimbursement contracts. Actual rates are required to be submitted in accordance with FAR 52.216-7 (Allowable Cost and Payment) via the Indirect Cost Rate Proposal (aka Incurred Cost Submission or ICS).

All business units are responsible for calculating, administering, and monitoring their various rates, as applicable to their contracting portfolio. Coordination with the Corporate Home Office is required for those business units that include corporate and/or intermediate home office allocations in their indirect cost rates.

### 6.2 Incurred Cost Submittals (FAR 52.216-7)

- DOD contractors working on cost-reimbursable contracts, including cost-reimbursement and Time & Materials contracts, must submit an incurred cost submission to DCAA each year, pursuant to FAR 52.216-7. The incurred cost submission lays out all the prior year's expenses and contract activity to determine fringe and overhead rates. The submission must be made within six months of the close of the contractor's fiscal year.
- DCAA has an Incurred Cost Electronically (ICE) model that can be downloaded from their website at <https://www.dcaa.mil/Checklists-Tools/ICE-Model/> that may be used as a template. There may be schedules that need to be added or schedules that are not applicable. An adequate incurred cost proposal must include the following:
  - Summary of claimed indirect expense rates;

- Indirect expenses properly categorized;
- Claimed allocation bases;
- Schedule of facilities capital cost of money factors computation;
- Schedule of direct costs by contract or subcontract and indirect expense applied at claimed rates;
- USG participation percentages;
- Reconciliation of claimed direct costs to the general ledger;
- Schedule of cumulative direct and indirect costs claimed and billed;
- Subcontract information;
- Summary of hours and amounts on T&M/labor hour contracts;
- Reconciliation of total payroll to the total labor distribution;
- List of all decisions, agreements, approvals and description of accounting and/or organizational changes; and
- Contract closing information for contracts completed during the year.

### **6.3 FAR Part 31 Contract Cost Principles & Procedures (including Unallowable Costs)**

- Unallowable Costs (FAR 31.201-6, 31.205)
  - Certain costs which are generally accepted in normal conduct of business operations may not be allowed for payment on USG contracts. Some examples of costs which are not allowable on USG contracts include alcohol, first-class airline tickets, and political contributions. FAR 31.205 provides additional information regarding allowable and unallowable costs.
  - “Expressly unallowable cost” means a particular item or type of cost which, under the express provisions of an applicable law, regulation, or contract, which is specifically named and stated to be unallowable.
  - Identify, account, and segregate unallowable costs so they are not inadvertently directly or indirectly passed to the USG customer.
  - Do not include unallowable costs in any billing, claim, or proposal applicable to a USG contract.
- DCAA Selected Areas of Cost Guidebook: FAR 31.205 Cost Principles
  - DCAA address allowability criteria and requirements of selected areas of cost. The guidebook can be found at:  
<https://www.dcaa.mil/Guidance/Selected-Area-of-Cost-Guidebook/>

### **6.4 Cost Accounting Standards (CAS) Applicability (FAR 52.230-1, 52.230-2, 52.230-3, 52.230-6, 52.230-7)**

- CAS is a set of 19 cost accounting standards which apply to some negotiated contracts. These standards are summarized in Appendix C.
- CAS applies to contracts, not contractors, business units, or divisions. Negotiated contracts in excess of \$750,000 and subject to CAS are referred to as “CAS-covered contracts.” The flowchart and instructions at Appendix D can be used to aid in determining if a contract is CAS-covered.

- A subcontract to a prime contractor could be subject to CAS if the prime contract is subject to CAS.
- Supplier contracts and orders could be subject to CAS if Kaman's contract is subject to CAS.
- A CAS-covered contract remains CAS-covered for the life of the contract.
- A CAS-covered contract may be subject to either full or modified CAS coverage.
  - Full CAS coverage requires the contractor to comply with all 19 cost accounting standards in effect on the date of contract award and applies to a business unit that received either:
    - a single CAS-covered contract of \$50M or more or
    - a net total of \$50M in CAS-covered awards in the previous accounting period, of which at least one exceeded \$7.5M during the previous cost accounting period (referred to as the "trigger contract").
    - The trigger contract provision provides that a business unit does not have a single USG contract with a value of more than \$7.5M is CAS-exempt.
  - A CAS-covered contract is subject to modified CAS coverage if neither of the above criteria is met. The flowchart at Appendix D can be used to aid in determining if a CAS-covered contract is subject to the full CAS requirements or modified coverage. A modified CAS contract is subject only to
    - CAS 401 "Consistency in Estimating, Accumulating, and Reporting Costs";
    - CAS 402 "Consistency in Allocating Cost Incurred for the Same Purpose";
    - CAS 405 "Accounting for Unallowable Costs"; and
    - CAS 406 "Cost Accounting Period."
  - The type of CAS coverage, modified or full, applies to a CAS-covered contract for the life of the contract.
- The following types of contracts are exempt from CAS:
  - Firm-fixed-price contracts or subcontracts awarded on the basis of adequate price competition without submission of cost or pricing data.
  - Contract awarded using sealed bid procedures.
  - Negotiated contracts and subcontracts not in excess of the Truth in Negotiations Act (TINA) threshold.
  - Firm fixed-priced, fixed-priced with economic price adjustment (provided that price adjustment is not based on actual costs incurred), time-and-materials, and labor-hour contracts and subcontracts for the acquisition of commercial items.
  - Contracts or subcontracts of less than \$7.5M, 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 \$7.5M or greater.
  - Contracts and subcontracts in which the price is set by law or regulation.
  - Contracts and subcontracts with small businesses. (This exemption does not apply since Kaman is not a small business).
  - Contracts and subcontracts with foreign USGs. (This exemption does not apply since Kaman is not a foreign USG).

- Subcontract under the NATO PHM Ship program to be performed outside of the United States by a foreign concern.
- If the business unit is unable to determine if a contract should be covered under CAS, contact the Kaman Corporate Government Contracts Manager for further information.

## **6.5 CAS DISCLOSURE STATEMENT (FAR 52.230-1, 52.230-2, 52.230-3, 52.230-6, 52.230-7)**

- The CAS Disclosure Statement provides essential cost accounting practices which include information on the business unit's indirect-cost pool structure, including a functional breakdown of indirect expenses and the various bases used for allocating indirect costs. In addition, the business unit must disclose its method of distinguishing direct from indirect costs.
  - A separate Disclosure Statement is submitted to the USG for each business unit with CAS-covered contracts which trigger the Disclosure Statement requirement.
  - The lack of a Disclosure Statement can prevent a business unit from receiving a contract award. The flowchart and instructions at Appendix D can be used to determine if the business unit is required to submit a Disclosure Statement to the USG.
  - There are eight parts to a CAS 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

Only the corporate office or other intermediate home offices that allocate costs to one or more disclosing segments must complete Disclosure Statement Part VIII.
- A Disclosure Statement may be required for a business unit, "Segment" or "Home Office" based on the following definitions.
  - "Home Office" means an office responsible for directing or managing two or more, but not necessarily all, segments of an organization. It typically establishes policy for, and provides guidance to the segments in their operations. It usually performs management, supervisory, or administrative functions, and may also perform service functions in support of the operations of the various segments. An organization which has intermediate levels, such as groups, may have several home offices which report to a common home office. An intermediate organization may be both a segment and a home office. (9904.403-30)
  - "Segment" means one of two or more divisions, product departments, plants, or other subdivisions of an organization reporting directly to a home office, usually identified with responsibility for profit and/or producing a product or service. The term includes Government-owned contractor-operated (GOCO) facilities, and joint ventures and subsidiaries (domestic and foreign) in which the organization has a majority ownership. The term also includes those joint ventures and subsidiaries (domestic and foreign) in which the organization has less than a majority of ownership, but over which it exercises control. (9904.403-30)
  - Business unit means any segment of an organization, or an entire business organization which is not divided into segments. (9904.410-30)

- Business units meeting the below criteria are required to provide the USG with a written disclosure of their actual or proposed cost accounting practices. Those required to submit a Disclosure Statement include:
  - any business unit that is selected to receive a CAS-covered contract or subcontract of \$50M or more; and
  - any company that, together with its segments, received net awards of negotiated prime contracts and subcontracts subject to CAS totaling more than \$50M in its most recent cost accounting period.
- The USG identifies in the contract solicitation whether the resultant contract is expected to be CAS-covered. In these circumstances, the business unit certifies whether or not a Disclosure Statement has been submitted following the procedures of FAR 52.230-1.
  - If the business unit has not previously submitted a Disclosure Statement to the USG, it may be submitted concurrently to the ACO. Notify the customer when the Disclosure statement of filed, the date of the Disclosure Statement, and name and address of the ACO where the Disclosure Statement was filed.
  - If the business unit has previously submitted a Disclosure statement to the USG, it indicates the date of the Disclosure Statement and name and address of the ACO administering it.
  - Do not provide copies of Disclosure Statements to prime contractors, higher tier subcontractors, or other non-USG entities.
- A change in business accounting practices or reorganization due to mergers, acquisitions, divestiture, or restructure could require a Disclosure Statement revision (see Section 7.1 of this Guide).

*KAG Standard (Functional Responsible Area - Finance):*

- All KAG business units are required to develop and operate to a CAS Disclosure Statement following the instructions on Form CASB Disclosure Statement-1 and CAS 9903.202.
  - Submit a CAS Disclosure Statement to the appropriate USG agencies only when required by contract.
  - Review the Disclosure Statement annually, upon any change in business unit cost accounting practices, and when the organization is restructured through realignment, acquisition, or divestiture. Revise the Disclosure Statement if required (see Section 7.1 of this Guide).
- Annually document the business unit's compliance status using the template at Appendix A.

#### **6.5.1 CAS Disclosure Statement Revisions (FAR 52.230-1, 52.230-2, 52.230-3, 52.230-6, 52.230-7)**

- A CAS Disclosure Statement could require revision due to change in USG CAS regulations (“Required Change”) or change in the business’ cost accounting practices from one compliant practice to another compliant practice (“Unilateral Change”).
  - The USG will pay for aggregate increased costs due to a Required Change.

- The USG will pay only for the aggregate increased costs for a Unilateral Change only if the ACO determines the change is desirable.
- Disclosure Statement revisions can be implemented retroactively, but only to the beginning of the contractor's current financial accounting period (i.e. calendar year).
- The ACO must be notified in writing 60 days prior to implementing a revised Disclosure Statement. Submit a revised Disclosure Statement along with the cost impact to CAS-covered contracts to the USG only if a Disclosure Statement was previously submitted and the business unit is continuing to perform on one or more CAS-covered contracts. (See Section 7.2 of this Guide).
- CAS defines a change to a cost accounting practice as “any alteration in a cost accounting practice, as defined in 9903.302–1, whether or not such practices are covered by a Disclosure Statement”. Changes to business unit cost accounting practices or organization restructure may require a Disclosure Statement revision. For illustration, the following cost accounting changes require the Disclosure Statement to be revised. These illustrations are examples only and should not be considered all inclusive.
  - Changes to the method or technique used for measuring costs
    - Changing the actuarial cost method for computing pension costs
    - Changing labor calculations from multiplying labor-time standard by actual labor rates to multiplying labor-time standard by labor-rate standard
  - Changes to the method or technique used for assignment of cost to cost accounting periods
    - Changing from capitalizing certain classes of tangible capital assets from multiple cost accounting periods to charging the cost to an indirect expense pool within a cost accounting period in which the cost was incurred
    - Changing depreciation method for a class of assets from accelerated to straight line method
    - Changing the general method of determining asset lives for classes of assets
  - Change to the method or technique used for allocating costs
    - Changing the method of allocating G&A expenses from a total cost input base to a value added base
    - Changing the allocation of common hardware from direct to project to an indirect expense pool
  - Merging two business units which use different cost accounting methods.

## **6.5.2 Cost Impact of Disclosure Statement Revisions (52.230-6)**

- Changes in accounting practices which require a revised Disclosure Statement must consider the cost impact to the USG. When the business unit changes accounting practices, a cost impact analysis should be performed for the accounting change to determine the effect on USG CAS-covered contracts.
  - This analysis is performed at the time of the accounting change and considers historical or future performance.
  - Conduct the analysis for any changes required by the USG or due to a changes to business unit cost accounting practices or organization restructure.



- When submitting the revised Disclosure Statement to the USG, a General Dollar Magnitude (GDM) proposal must be included. The GDM should contain, at a minimum, an estimate of the aggregate impact on CAS-covered contracts.
- The ACO may require a detailed cost-impact (DCI) proposal determine the final effect of the proposed changes to the USG. A DCI analysis may be necessary for certain changes to determine if there was or is a material impact on the total overhead pool.
- The ACO makes a materiality determination of the proposed changes. If the changes are considered “material”, the contractor may be required to reimburse the USG for increased costs.
- Cost impact analyses are required under all changes to cost accounting practice under CAS covered awards. This included both modified and full CAS coverage. Changes in cost accounting practice under non-CAS covered awards are not required, but may be requested by customers effected by the change.

### **6.5.3 CAS Non-Compliance (FAR 30.605, 52.230-2, 52.230-3, 52.230-6, DCAA Contract Audit Manual 8-302)**

- A CAS non-compliance may be determined by the USG at any time. The USG may make contract adjustments if the contractor fails to correct non-compliances which are determined to be material.
- There are eight (8) types of non-compliances:
  - Disclosed practices not in compliance with CAS.
  - Disclosed practices not in compliance with FAR.
  - Actual practices of estimating costs not in compliance with CAS.
  - Actual practices of estimating costs not in compliance with FAR.
  - Actual practices of estimating costs not in compliance with Disclosure Statement.
  - Actual practices of accumulating or reporting costs not in compliance with CAS.
  - Actual practices of accumulating or reporting costs not in compliance with FAR.
  - Actual practices of accumulating or reporting costs not in compliance with Disclosure Statement.

Multiple non-compliances may occur simultaneously.
- Potential non-compliances may require corrective action by following the existing, compliant, Disclosure Statement or processing a Disclosure Statement revision. A non-compliant condition could require reimbursing the USG for costs incurred due to the non-compliance.
  - The ACO notifies the business unit of the potential non-compliance, provided the conditions, and period time to respond.
  - The business unit must promptly address, in writing, potential non-compliance and either agree or disagree with stated conditions. If the business unit disagrees, it should provide supporting rationale for why its accounting practices are in compliance with CAS.
- Notify the Group Vice President of Finance and the Kaman Corporate Government Contracts Manager when notified of a potential non-compliance.





## 7. CONTRACT SOLICITATION AND PROPOSAL METHODS

- The USG may award contracts using competitive or negotiated methods. The method used affects the amount of information required to be provided to the USG prior to contract award.
  - The USG's preferred method for determining prices to be fair and reasonable is through the competition process.
  - The USG has provisions for purchases from a sole source provider.
- A proposal may be accepted by the USG and a contract awarded without discussions. "Discussions" include negotiations and some written information exchanges.
- Individuals who sign a USG proposal should have the authority to sign a contract of the same value.
- Additional scrutiny should be provided when the contract is to be performed outside the United States. There could be additional plan, reporting, performance, or compliance requirements.

### 7.1 Solicitations (FAR 14, 15)

- USG contract solicitation documents typically follow a uniform contract format (UCF). This standard format helps offerors understand the requirement and the criteria used for selecting the winning award. The CO prepares the solicitation and selects the content.
- The UCF is organized in four parts with sections A thru M. Contract clauses may be include in the various sections of the resulting contract.
- Part I -- The Schedule.
  - *Section A, Solicitation/contract form.* Optional Form (OF) 308, Solicitation and Offer-Negotiated Acquisition, or Standard Form (SF) 33, Solicitation, Offer and Award, or SF 1447 Solicitation/Contract may be used to prepare RFPs. These forms include the following information on the first page of the solicitation:
    - (i) Name, address, and location of issuing activity, including room and building where proposals or information must be submitted.
    - (ii) Solicitation number.
    - (iii) Date of issuance.
    - (iv) Closing date and time.
    - (v) Number of pages.
    - (vi) Requisition or other purchase authority.
    - (vii) Brief description of item or service.
    - (viii) Requirement for the offeror to provide its name and complete address, including street, city, county, state, and zip code, and electronic address (including facsimile address), if appropriate.
    - (ix) Offer expiration date.

The offeror signs its proposal. Once selected for contract award, the CO signs the form and the proposal becomes a binding contract.

- *Section B, Supplies or services and prices/costs.* Includes a brief description of the supplies or services; e.g., item number, national stock number/part number if applicable, nouns, nomenclature, and quantities. (This includes incidental deliverables such as

manuals and reports.) This section is organized into contract line items (CLINS) which may be referenced in other sections.

- *Section C, Description/specifications/statement of work.* Includes any description or specifications needed in addition to Section B
- *Section D, Packaging and marking.* Provides packaging, packing, preservation, and marking requirements, if any.
- *Section E, Inspection and acceptance.* Includes inspection, acceptance, quality assurance, and reliability requirements.
- *Section F, Deliveries or performance.* Specifies the requirements for time, place, and method of delivery or performance.
- *Section G, Contract administration data.* Includes any required accounting and appropriation data and any required contract administration information or instructions other than those on the solicitation form. This is where to provide Kaman's payment address in the proposal.
- *Section H, Special contract requirements.* Include a clear statement of any special contract requirements that are not included in Section I, Contract clauses, or in other sections of the UCF.
- Part II -- Contract Clauses.
  - *Section I, Contract clauses.* Includes the clauses required by law or by this part and any additional clauses expected to be included in any resulting contract, if these clauses are not required in any other section of the uniform contract format. An index may be inserted if this section's format is particularly complex.
- Part III -- List of Documents, Exhibits, and Other Attachments.
  - *Section J, List of attachments.* This section lists the title, date, and number of pages for each attached document, exhibit, and other attachment. Cross-references to material in other sections may be inserted, as appropriate.
- Part IV -- Representations and Instructions. Sections L and M are provided as information to prospective offerors and not included in the final contract. Section K is incorporated into the contract by reference.
  - *Section K, Representations, certifications, and other statements of offerors.* This section solicitation provisions that require representations, certifications, or the submission of other information by offerors.
  - *Section L, Instructions, conditions, and notices to offerors or respondents.* This section contains solicitation provisions and other information and instructions not required elsewhere to guide offerors or respondents in preparing proposals or responses to requests for information. Prospective offerors or respondents may be instructed to submit proposals or information in a specific format or severable parts to facilitate evaluation. The instructions may specify further organization of proposal or response parts, such as --
    - (1) Administrative;
    - (2) Management;
    - (3) Technical;
    - (4) Past performance; and
    - (5) Certified cost or pricing data or data other than certified cost or pricing data.

- *Section M, Evaluation factors for award.* Identifies all significant factors and any significant subfactors that will be considered in awarding the contract and their relative importance. The criteria in Section M are used by the USG source selection team to ‘score’ proposals and determine who receives the contract.

## **7.2 Sealed Bidding (FAR Part 14, 52.214-1 through 52.214-35)**

- Sealed bidding is used when the USG expects to receive more than one bid for non-complex requirements.
  - Competitive bids are used to determine a price is fair and reasonable.
  - Resultant contracts are either firm fixed price or fixed price with economic price adjustment.
  - There is little or no opportunity or requirement for discussions. USG responses to questions or clarification of requirements may be made available to all potential bidders.
  - A bid may be converted to a contract without discussions. Individuals signing a bid are presumed by the USG to be authorized to obligate the contractor. Ensure that individuals signing an offer to the USG have the authority to bind the company.
- A solicitation may be amended to provide additional instructions or clarification. Each amendment must be acknowledged in writing during the proposal process.

## **7.3 Contracting By Negotiations (FAR Part 15)**

### **7.3.1 Truthful Cost or Pricing Data (formerly Truth In Negotiations Act or TINA) (FAR 15.403, 52.215-10, 52.215-11)**

- Truthful Cost or Pricing Data requires offerors to submit certified cost or pricing data if a negotiated contract exceeds the applicable threshold (last set at \$750,000 for prime contracts awarded before July 1, 2018, and \$2 million for prime contracts awarded on or after July 1, 2018) and none of the exceptions to certified cost or pricing data requirements apply.
  - Truthful Cost or Pricing Data applies to contract proposals, contract awards, and certain contract modifications exceeding the applicable threshold.
  - Negotiated proposals require a breakout of cost related elements which affect price.
  - Provide enough detail to allow the USG customer to determine that a negotiated price is fair and reasonable.
- Truthful Cost or Pricing Data requires offerors to submit certified cost or pricing data when a negotiated contract exceeds the applicable threshold. Cost or pricing data includes more than just historical accounting data; they are all the “facts” reasonably relevant to evaluate estimates of future costs and to the validity of costs already incurred. This may include, but is not limited to:
  - Vendor quotes;
  - Nonrecurring costs;
  - Information on changes in production methods and in production or purchasing volume;
  - Data supporting projections of business prospects and objectives and related operations costs;
  - Unit-cost trends such yield rates and labor efficiency;
  - Make-or-buy decisions;

- Estimated resources to attain business goals; and
- Some information on significant management decisions
- Unless an exception exists, submit cost or pricing data and certify the data as current, accurate, and complete as of the date of negotiations (e.g. handshake) or some other agreed date.
  - The Certificate of Current Cost or Pricing Data (FAR 15.406-2) assures the USG that all company available information was reviewed and reflected in developing the negotiated price.
  - If it is later found that certified cost or pricing data was not provide accurate, complete, and current data, the negotiated price could be considered defective pricing (see Section 8.3.2 of this Guide). A defective price could result in price reductions, penalties, and prosecution under the False Claims Act.
- Business units should:
  - Establish processes to ensure price and negotiation objectives are based on current labor rates, overheads, subcontract, and material prices.
  - Establish a cost or pricing data sweep process to review cost or pricing data elements prior to signing the Certificate of Current Cost or Pricing Data (FAR 15.406-2).
  - Identify by position or name who is authorized to sign a Certificate of Current Cost or Pricing Data.
- Exceptions to obtaining cost or pricing data (FAR 15.403-1(c)) include:
  - adequate price competition;
  - established catalog or market prices;
  - prices set by law or regulation
  - commercial items; and
  - modification of contracts for commercial items.

### **7.3.2 Defective Pricing (FAR 15.407-1, 15.408, 52.215-10, 52.215-11)**

- Defective pricing is any contracting action subject to Truthful Cost or Pricing Data where the negotiated contract price including profit or fee was increased by a significant amount because:
  - the contractor or a subcontractor at any tier furnished to the USG cost or pricing data that were not complete, accurate, and current as certified in the contractor's Certificate of Current Cost or Pricing Data (FAR 15.406-2);
  - a subcontractor or a prospective subcontractor at any tier furnished to the contractor cost or pricing data that were not complete, accurate, and current as certified in the contractor's Certificate of Current Cost or Pricing Data; or
  - any of the above parties furnished data of any description that were not accurate.
- When defective pricing occurs, the USG is entitled to a price reduction to eliminate any significant overpricing related to the defective data. That reduction must consider increases in both cost and profit or fee related to the defective data. In addition to a price adjustment, the USG is also entitled to:

- Interest on any overpayments that resulted from the defective pricing of supplies or services accepted by the USG.
- A penalty equal to the amount of any overpayment, if the contractor submitted cost or pricing data which were incomplete, inaccurate, or not current.
- Establish a process to ensure prices reflect current and accurate costs when negotiations are concluded.
- Notify the Kaman Corporate Government Contracts Manager when a USG official alleges that a price may be “defective”.

### **7.3.3 Only One Offer (DFARS 215.371, 252.215-7007, 252.215-7008)**

- If a Contracting Officer notifies the Offeror (Kaman) that only one offer was received, the Offeror (Kaman) must
  - Submit any additional cost or pricing data that is required in order to determine whether the price is fair and reasonable or to comply with the statutory requirement for certified cost or pricing data (10 U.S.C. 2306a and FAR 15.403-3); and
  - If the acquisition exceeds the certified cost or pricing data threshold and an exception to the requirement for certified cost or pricing data does not apply, certify all cost or pricing data in accordance with paragraph (c) of DFARS provision 252.215-7010, Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data.
- Be prepared to follow the FAR Part 15 guidance in the event a DOD competitive proposal becomes a sole source negotiation.

### **7.4 Commercial Items (FAR Part 12, 52.212-2, 52.212-3, 52.212-4, 52.212-5 )**

- Commercial items are goods and services which are generally available to the public. The item itself, not the use, determines if an item or service is ‘commercial’.
- Contracts for commercial items require fewer clauses, less financial information, and generally less oversight than other USG contracts.
  - Some contract clauses (other than assignments, disputes, payments, invoices, compliance, and unauthorized obligations) may be tailored for commercial items.
- When in a sole source situation, we may be required to provide additional information to the prime contractor or USG customer to help them determine the item or service is commercial and the price is ‘fair and reasonable’.
  - Information other than cost or pricing data is used to support a price ‘fair and reasonable’ determination. “Information other than cost or pricing data” is similar to “cost or pricing data” required by TINA (see Section 8.3.1 of this Guide), except is not required to be certified.
- Review solicitations to determine if the Kaman product or service can be considered ‘commercial’. Provide additional information to the customer to help them determine the price is fair and reasonable.

## **8. CONTRACT AWARD (FAR 15.5, 15.505, 15.506)**

- Contract award represents the successful culmination of the business development processes and the handoff of responsibility to project management.
- The resultant contract should reflect any changes that may have occurred during negotiations.
- Bidders who are not selected for contract award may request a debriefing from the CO to understand how their bid or proposal compared to the winning bidder. This request must be submitted within three (3) days of the contract award. The debriefing provides an opportunity to validate strengths and to identify weak areas to be improved in future proposals.

### **8.1 Contract Receipt and Review**

- Use the business unit's contract receipt and review process to ensure that represents all agreed prices, schedules, and terms and conditions. Some areas specific to USG contract to consider include, but are not limited to:
  - Clauses which change from the time the proposal was submitted to the time of contract award could present additional cost or risk to the business unit.
  - Asserted and negotiated data rights are included
  - Small business plans, if required, are completed
  - Ensure any GFE/GFP is identified within the property management system
- IT system file folders may be required to store and protect USG information.
- Include USG contracts greater than \$100,000 on the USG Active Contracts List using the template at Appendix B.

### **8.2 Postaward Orientation and Conference (FAR 42.5)**

- Postaward orientation helps the USG and contractor to achieve a clear and mutual understanding of all contract requirements, and identify and resolve potential problems.
  - Postaward orientation may be satisfied by a CO letter for low-dollar, non-complex requirements or by conference.
  - Postaward orientation may be requested by either USG or the contractor, but the CO determines whether an orientation in any form is necessary.
  - It is an opportunity to introduce key personnel and their roles and responsibilities.
  - It is not used to alter the final agreement arrived at in any negotiations leading to contract award.
- Postaward conference
  - The CO establishes the time and location of the postaward conference; prepares an agenda; notifies appropriate contractor and USG representatives; and prepares a summary report of the conference.
  - Coordinate postaward conference requirement with the CO promptly after contract award. Determine and invite appropriate Kaman functional area representatives.
  - The CO may require critical subcontractors to be included. Coordinate participation with the CO and subcontractor.

- Supplier postaward conference
  - The business unit may choose to hold a separate postaward conference with a critical supplier or subcontractor to discuss their participation on a program. This conference may also be requested by the USG. Appropriate USG representatives may be included in a supplier postaward conference.

### **8.3 Protests (FAR 33.1, 52.233-2, 52.233-3)**

- Any interested party may protest a contract solicitation, cancellation of a solicitation, contract award or proposed award, or contract termination.
- Protests may be filed with the procuring agency, the USG Accountability Office (GAO), or the U.S. Court of Federal Claims.
- Protests must be filed within strict timing requirements. The number of calendar days allowed depends on the venue selected.
- Failure to provide all required documentation within the required time constraints may result in the protest being dismissed.
- If a protest occurs, or is likely to occur, the CO may suspend contract performance while the protest is under review. The contract award could be overturned, and a termination for convenience issued. If the stop work order is lifted, the contractor could be entitled to an equitable adjustment in price or schedule.
- If the CO allows performance to begin or continue while the protest is under review, it is important to follow the CO's direction during this time. Failure to follow the CO's direction could result in non-payment for the work performed.
- Consult with the Kaman Corporate Government Contracts Manager if notified that a contract awarded to Kaman is protested by another party.
- Keep accurate records of all correspondence with the CO during a time when a protest occurs.
- Consult with the Kaman Corporate Government Contracts Manager prior to filing a protest on the Company's behalf. A protest must be reviewed with the Vice President of Contracts prior to submission via any venue.



## **9. CONTRACT PERFORMANCE AND ADMINISTRATION**

Contract performance should be monitored to ensure costs are controlled and contractual obligations are met. Business units are responsible for ensuring adequate resources are available to execute contractual requirements and monitoring USG performance measurement systems (CPARS, PPIRS, and FAPIIS).

### **9.1 Contract Modifications (FAR 52.243-1 through 52.243-7)**

- USG contract requirements can only be modified by a CO.
- Option clauses allow the CO to unilaterally increase quantities or period of performance within the scope of the respective Option clause.
- Requirements may be modified unilaterally or by mutual agreement.
- Additional contract modification authority may be included in contract Section H – Special Contract Requirements.
- The CO normally cites the contract authority when issuing a contract modification.

#### **9.1.1 Changes (FAR 52.243-1 through 52.243-4)**

- The CO can unilaterally make changes within the general scope of the contract in the areas of drawings, designs, or specifications; method of shipment or packing; place of delivery; description of services to be performed; time of performance (hours of the day, days of the week, etc.); place of performance; place of inspection, delivery, or acceptance.
  - Review the change notice to determine if there is an increase in cost due to the change.
  - Promptly notify the CO of the business unit's intent to request an equitable adjustment upon the receipt of a contract change.
- An equitable adjustment to schedule and price due to a change may be allowed if
  - We assert our right to request an adjustment within the time frame provided in the respective clause. This time frame is usually 30 days, but may be changed by the agency issuing the contract.
  - A request for equitable adjustment (REA) proposal is provided to the CO in a timely manner.
- Some matters to consider when determining the impact of a contract change.
  - Production line shut down, start up, gaps
  - Spoilage
  - Parts obsolescence
  - Restocking fees
  - Termination of supplier contracts
  - Other considerations which potentially impact cost or schedule
- The CO may require the contractor to provide change order accounting whenever the estimated cost of a change or series of related changes exceeds \$100,000.
- A contract change affecting price may be negotiated under FAR Part 15 guidance and subject to TINA.

### **9.1.2 Options (FAR 52.217-3 through 52.217-9)**

- The USG uses options to provide flexibility when funding is not immediately available or quantities cannot be adequately determined at the time of contract award.
- Solicitations may include options which may be exercised at the time of contract award.
- Options may be exercised unilaterally by the USG within the scope of the respective option clause by providing advance written notice of its intent to exercise the option.
- If the USG fails to provide the advance written notice or neglects to exercise an option within the established clause timeframes, the requirement could require the USG to conduct a new solicitation and contract award.
  - Monitor option exercise periods to capture the business opportunity.
  - Notify the CO when available option exercise periods are about to expire.

### **9.1.3 Mutual Agreement**

- Contract modifications which cannot be implemented unilaterally by the USG are executed by mutual agreement.
- Some areas which require mutual agreement include termination settlements, schedule adjustments, disputes resolution, program baseline revisions, and scope changes.
- A contract modification by mutual agreement could require a contract change proposal and negotiation following the procedures of FAR Part 15.
- Work with business unit functional areas to process agreements to ensure all cost and schedule elements are considered in the proposal and negotiation process.

## **9.2 Defense Priorities Allocation System (DPAS) (FAR 11.16, 52.211-15, DOD 4400.1-M)**

- DPAS is scheduling prioritization requirement used to ensure timely delivery of national defense-related contracts/orders throughout the supply chain. The customer must be notified immediately if a rated order's delivery schedule cannot be met.
- There are two levels of priority for rated orders established by the DPAS, identified by the rating symbols "DO" and "DX".
  - DX rated orders have equal priority with each other and take preference over DO rated and unrated USG orders.
  - DO rated orders have equal priority with each other and take preference over unrated USG orders.
  - A DPAS rated order takes priority over all non-rated orders, including commercial orders with commercial customers, if the DPAS required delivery date could be in jeopardy.
- DPAS rated contracts and orders should contain four key elements:
  - Priority Rating (e.g. DOA1)
  - A required delivery date ('on or about' or 'asap' is not acceptable)
  - Manual or electronic signature
  - A statement that reads in substance: "This is a rated order certified for national defense use, and you are required to follow all provisions of the Defense Priorities and Allocations System regulation (15 CFR 700). (FAR 52.211-15)"

- Review contracts and orders to determine DPAS applicability. Business units must schedule operations, including the acquisition of all needed production items to satisfy the delivery requirements of each rated order.
- A rated order must be accepted or rejected within fifteen (15) working days after receipt of a DO rated order and within ten (10) working days after receipt of a DX rated order. Notify the customer immediately if the required delivery date cannot be met or if the rated order conflicts with delivery of another rated order so an acceptable delivery date can be mutually agreed.
- Ensure required delivery dates are met, and, if the required delivery date cannot be met, notify the customer immediately so a revised schedule can be agreed.
- The DPAS rating must be included in all subcontracts supporting a DPAS rated order.
- Additional DPAS information is located at [www.bis.doc.gov/dpas](http://www.bis.doc.gov/dpas)

### 9.3 Program and Contract Reporting

- Some contracts require program level status reporting. Reports are generally tailored based on program value or priority, or to provide additional USG insight or oversight. Contract reporting requirements may be listed as a separately priced, or unpriced, contract line item.
- Report content, recipient, format, and frequency are usually specified in the contract data requirements list (CDRL), but could also be identified elsewhere in the contract such as Section H (special contract requirements) or the statement of work (SOW).
  - Review contracts to determine reporting requirements for content and schedule.
  - Consider the effort to generate and submit reports during the estimating and proposal process.
  - Monitor report submissions as part of the contract administration process.

### 9.4 Cost Monitoring

#### 9.4.1 Limitation of Cost (FAR 52.232-20)

- Fully funded, cost-reimbursement contracts have control mechanisms to ensure contractors stay within the contract cost estimates. The USG is not obligated to pay for any costs above the estimated cost specified in the contract.
- Review contracts to determine reporting requirements for content and schedule. Contractors are required to notify the CO when incurred costs are expected to exceed the contract's established percentage (normally 75 – 85 %) of the estimated contract costs within the next 60 days (which may be altered in the contract to a period of 30 – 90 days).
  - The limitation of cost may apply at the contract line item level, providing the controls for a specific effort.
- Failure to properly notify the USG could result in costs being determined unallowable for reimbursement. Monitor contract incurred costs and projected expenditures no less than monthly. More frequent monitoring may be required as projections near the established percentage.
- Notify the CO with any changes to cost estimate to completion so that additional funds may be added to the contract.

#### **9.4.2 Limitation of Funds (FAR 52.232-22)**

- Some cost-reimbursement contracts are incrementally funded due to the USG budgeting process or as a measure to control costs. Review contracts to determine reporting requirements for content and schedule.
- The CO must be notified when incurred costs are expected to exceed the contract's established percentage (normally 75 – 85 %) of the funds allocated to the contract within the next 60 days (which may be altered in the contract to a period of 30 – 90 days).
- Business units should monitor contract incurred costs and projected expenditures no less than monthly. More frequent monitoring may be required as projections near the established percentage. Notify the CO when the cost the business unit expects to incur under the contract in the next 60 days, when added to all costs previously incurred, will exceed the reporting percentage of the current funded amount.
- The limitation of funds may apply at the contract line item level, providing the controls for a specific effort.
- Failure to properly notify the USG could result in costs being determined unallowable for reimbursement.

#### **9.5 Payments (FAR 52.232-XX, DFARS 252.232-7003)**

- There are a number of payment related clauses which are selected based on the contract type and duration. Review contract payment clauses to ensure proper monitoring and compliance.
- Payments are normally made by the USG within 30 days of receipt of a proper invoice.
- Department of Defense contract invoices and payments are made through the wide area workflow (WAWF) system.
- Business units identify individuals who will process electronic invoices as part of their SAM registration.

##### **9.5.1 Payment Procedure (FAR 52.232-1)**

- Payments are processed upon final delivery of goods or services.
- Invoices for partial deliveries should be at least \$1,000 or 50 percent of the contract price.

##### **9.5.2 Progress Payments (FAR 52.232-16; DFARS 252.242-7005)**

- Progress billings (when allowed) are calculated based on cost incurred under a contract as work progresses. The customary progress payment rate is 80% of allowable and allocable costs based on a request for a progress payment, or based upon completion of specific work objectives or milestones. Progress billings should be routinely reconciled with the customer in order to ensure proper record keeping and ensure a quick close out of the billing at the end of the contract.
- Progress payments may be reduced if required business systems are not approved or deemed acceptable by the USG (see Section 5.4 of this Guide).
  - Under a cost-reimbursement contract, the contractor is paid 100% of actual, allowable incurred costs.

- Under fixed price contracts, the contractor receives a pre-determined percentage of allowable incurred costs.
- Payments may be limited by the terms of the Limitation of Cost (FAR 52.232-20) or Limitation of Funds (FAR 52.232-22) clauses for cost-reimbursement contracts.
- COs normally approve requests for progress payments, however, the CO may reduce or suspend progress payments if the contractor's performance is not satisfactory in key areas, including:
  - Meeting terms and conditions of the contract, or failing to make reasonable progress
  - Evidence of an unsatisfactory accounting system, or questionable financial stability
  - The contractor is delinquent in its payments to subcontractors for contract performance
  - The estimated value of the remaining work on the contract indicates the applicable limitation on progress payments has been exceeded
  - There is reason to doubt with respect to the amount of the contractor's request for a progress payment
- Small business suppliers supporting a USG requirement providing progress payments should be paid promptly upon receipt of payment from the USG (FAR 52.232-40).

#### **9.6 Over and Above Work (DFARS 252.217-7028)**

- "Over and above work" (O&A) means additional required work discovered during the course of performing overhaul, maintenance, and repair efforts that is within the general scope of the contract; not covered by the line item(s) for the basic work under the contract; and necessary in order to satisfactorily complete the contract.
- The contract should include procedures for processing O&A requests to the USG including but not limited to identification of the requirement and necessity for O&A work; labor hours and materials required; USG review and authorization; pricing, negotiations, and definitization.
- Do not proceed with O&A work without proper written authorization.
- Ensure the O&A work is definitized by a contract modification.

#### **9.7 Contract Disputes (FAR 33.2, 52.233-1)**

- It is not uncommon for the contracting parties to disagree matters pertaining to the terms and conditions or the performance of a contract. Reasonable efforts should be made to resolve disagreements prior to the submission of a claim. It is best to try to resolve all contractual issues in controversy by mutual agreement at the CO's level.
- A claim is "a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to (a) contract".
  - A claim is the first step of the dispute process.
  - Claims must be submitted in writing to the CO within six years from the date the event causing the claim occurred.
  - The claim must be certified using the language prescribed in the Disputes clause. Fraudulent claims are subject to penalty provisions of the False Claims Act.

- The CO will either agree or disagree by issuing a “Contracting Officer’s Final Decision.” The final decision provides instructions on when, and how, to appeal.
- Business units must proceed with contract performance while a contract is under dispute or appeal.
- Consult with the Kaman Corporate Government Contracts Manager on any contract matters which appear to be irreconcilable with the USG.
- Contract claims subject to the Disputes clause must be reviewed with the Vice President of Contracts prior to submission to the CO.

## **9.8 Corrective Action Process (DFARS 252.242-7005; DCMA Instruction 1201)**

- DCMA may issue corrective action requests (CAR) for contract deficiencies, non-compliances, or a departure from contractual requirements.
- Failure to adequately address a CAR, or frequent or systemic non-compliances could have far reaching programmatic or financial impact to the business unit and the Company.
- A CAR is classified in four levels.
  - Level I. Level I is issued for non-compliances that are minor in nature, are promptly corrected by the contractor, and present no need for root cause determination or further preventive action. Level I CARs are issued to the contractor management level responsible for correcting the cited non-compliance. While the contractor must correct the noncompliance, further actions are not required regarding the specific noncompliance.
  - Level II. Level II is issued for non-compliances that are not promptly correctable and warrant root cause analysis and preventive action, or need action by the contractor to determine if other product/services are affected. Level II CARs are directed to the contractor management level responsible for initiating corrective actions. A written response from the contractor is required.
  - Level III. Level III is issued to the contractor’s management responsible for the company or business segment to call attention to a serious non-compliance, a significant deficiency of a contractor business system (see Section 5.4 of this Guide), a failure to respond to a lower level CAR, or to remedy recurring non-compliance. A written response from the contractor is required. A Level III CAR may result in initiation of available contractual remedies, such as reductions of payments, cost disallowances, revocation of government assumption of risk of loss, or business management systems disapprovals, etc.
  - Level IV. Level IV is issued to the contractor’s segment or corporate management and when the contractual noncompliance(s) is of a serious nature or when a Level III CAR has been ineffective. A written response from the contractor is required. The USG conducts a mandatory review of available contractual remedies, such as cost disallowance, reduction or suspension of payments, revocation of government assumption of risk of loss, business system disapproval, or suspension of product acceptance.
- CARs cite the contract number(s), deficiency, date identified, and a required response date.
- Report and provide a copy to the Kaman Corporate Government Contracts Manager of all Level III and Level IV CARs received from the USG.

## **10. PURCHASING AND SUBCONTRACTS CONSIDERATIONS**

The USG expects prime contractors to enforce compliance requirements with their subcontractors. Employees must be familiar with subcontractor compliance requirements in order to recognize issues within the supply chain.

### **10.1 Subcontract Oversight (FAR , 52.244-2, 52.244-4, 52.244-5, 52.244-6)**

- USG contracts require certain clauses to be ‘flowed’ to suppliers and subcontractors. Clause flowdown requirements vary based on contract type and value. Review customer contracts to ensure appropriate clauses are included in subcontracts.
- When overseeing suppliers and subcontractors, prime contractors assume similar responsibilities to those of USG officials to ensure compliance.
- Some clauses require the subcontractor to certify compliance, either within the clause or via the SAM systems. Review supplier certifications for compliance prior to awarding a subcontract and during the subcontractor’s performance when required.
- Receive and review required supplier reports or verify that reports were submitted to the USG.

### **10.2 Competition in Subcontracting (FAR 52.244-5)**

- The USG expects contractors to purchase supplies at fair and reasonable prices.
- Competitively awarded subcontracts helps demonstrate to the USG that subcontract prices are fair and reasonable. Select suppliers and subcontractors using competitive procedures to the maximum extent practicable.
- Establish guidance and procedures for sole source or directed source suppliers and subcontractors and determining a price is fair and reasonable.

### **10.3 Consent to Subcontracts (52.244-2)**

- If a contractor’s purchasing system is not approved by the USG (see Section 5.4.6 of this Guide), prior written consent may be required for cost-reimbursement, time-and-material, labor-hours, and unpriced subcontracts. Prior written consent may also be required for a fixed-price subcontract that is greater than or equal to 5 percent of the total estimated contract cost.
- Even if the contractor has an approved purchasing system, consent may be required for subcontracts specifically identified by the CO in the “subcontracts clause” of the contract.
- Written USG approval may also be required when a contract requires the use a specific subcontractor or if the subcontractor is performing a significant portion of the prime contract.
- Identify customer contracts which require prior consent to enter into subcontracts. Ensure the USG’s written consent is obtained prior to awarding subcontracts requiring approval.

### **10.4 Limitation on Pass-Through Charges (FAR 52.215-22, 52.215-23)**

- The USG expects that some effort will be subcontracted to outside vendors in the performance of the contract. Contract proposals document the amount of subcontracted effort envisioned by the business unit.
- The USG considers subcontracting more than 70% of contract value excessive. These excessive pass-through charges may be unallowable and could result in a price reduction by the



USG. Monitor subcontract effort changes to identify when subcontracted effort could exceed 70% of Kaman's contract value (including G&A and OH).

- The percentage of subcontracted effort should be reviewed when increasing or decreasing the scope of the contract or subcontract. The CO must be notified in writing if the net percentage of subcontracted effort increases to exceed 70% of Kaman's contract value.

#### **10.5 Counterfeits (DFARS 246.870, 252.246-7007)**

- Contractors that supply electronic parts or products that include electronic parts are required to establish and maintain an acceptable counterfeit electronic part detection and avoidance system. Failure to do so may result in disapproval of the purchasing system by the CO and/or withholding of payments.
  - Identify contracts which require the purchase of electronic parts. The GIDEP system can be used to avoid the purchase of or use of counterfeit parts.
  - Business units that purchase or provide electronic parts should establish and maintain a counterfeit electronic part detection and avoidance system. The USG could review the counterfeit electronic part detection and avoidance procedures as part of a CPSR.
- The costs of counterfeit electronic parts or suspect counterfeit electronic parts and the cost of rework or corrective action that may be required to remedy the use or inclusion of such parts are unallowable (see Section 6.2 in this Guide) in USG contracts.
  - These costs may be allowable if the DoD has reviewed and approved the contractor's operational system to detect and avoid counterfeit parts and suspect counterfeit electronic parts, and
  - the contractor provides timely (i.e., within 60 days after the contractor becomes aware) notice to the USG of the counterfeit part.
- Report to the CO and to the USG-Industry Data Exchange Program ([GIDEP](#)) when made aware of, or there is reason to suspect that, any electronic part or end item, contains counterfeit electronic parts or suspect counterfeit electronic parts.

#### **10.6 Small Business Program (FAR 52.219-1, 52.219-9, 52.219-16)**

- USG policy is to provide maximum opportunities in its acquisitions to small business concerns (veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business).
- Each North American Industry Classification System (NAICS) codes for the supply or service provided has an established "small business" size standard base on sales or number of employees. Provide the NAICS code and size standard (applicable to the supply or service being purchased) to suppliers when requesting quotes and bids.
- Collect small business information from all suppliers and subcontractors for ISR and SSR reporting. Business units may rely on the supplier's written representation of its small business status with respect to the assigned NAICS.
- Small business subcontracting plans are currently required for USG contracts valued over \$750,000 (\$1.5 million for construction). Contract modifications which increase the contract value above the threshold may require a small business subcontracting plan. Designate a Small Business Liaison Officer (SBLO) to oversee the small business program when contract requires a small business subcontracting plan.



- Business units with small business subcontracting plans are required to report semi-annual performance to the subcontract goals to the USG's [Electronic Subcontracting Reporting System \(eSRS\)](#).
  - An individual subcontract report (ISR) is accomplished for each contract with a small business subcontracting plan.
  - A summary subcontract report (SSR) provides a summary of total small business subcontracted effort for the business unit, whether the effort is reported in and ISR or not.
- Failure to submit the required ISR and SSR could result in negative contract performance assessments.

## **11. CONTRACT COMPLETION**

### **11.1 Contract Closeout (FAR 4.804, 4.805)**

- Completed or terminated contracts should be closed as soon as possible to receive final payment.
- Ensure contract obligations have been satisfied at contract conclusion including, but not limited to:
  - All supplies provided or services are rendered
  - Subcontracts are settled, final reports obtained as required
  - Final reports are completed and submitted GFE/GFP are transferred to another contract or dispositioned in accordance with USG direction
  - Data retention requirements are reviewed and documents marked and stored accordingly
  - Final payment received
- Consider disposition of excess materials, defective parts, and excess parts which may be sold and delivered to the USG
- Retain documents in accordance with FAR 4.805 and corporate document retention policies.
- Contracts which are under appeal or litigation should not be closed.
- Orders received under indefinite delivery indefinite quantity (IDIQ) contracts may need to be closed individually prior to closing the basic IDIQ contract.
- The CO may issue a letter or contract modification indicating the contract or order is physically complete and officially closed.
- The USG may require the company to sign a release of claims as part of the closeout process.

## **12. U.S. GOVERNMENT AUDITS**

### **12.1 TYPES OF AUDITS**

DCAA and DCMA, or prime contractors with audit right provisions to our contracts perform a variety of audits dependent on the portfolio of contracts our business units possess. Business units should be familiar with the types of audits and scope. Below is a list of common audits our business units might expect:

- Cost or Pricing Audit
- Progress Payment Audit
- CASB Disclosure Statement Audit:
  - Adequacy
  - Compliance
- CAS Compliance Audits (per Standard)
- Defective Pricing Audits
- Incurred Cost Audit
- Labor Floorchecks
- Provisional Billing Rate review
- Forward Pricing Rate review
- Paid Voucher audits
- Business System Audits:
  - Accounting System Audit:
    - Pre-Award audit
    - Post-Award audit
  - Estimating System Audit
  - Contractor Purchasing System Review (CPSR)
  - Material Management and Accounting System Audit (MMAS)
  - Earned Value Management System (EVMS)
  - Government Property Audit

For a list of all audits and associated audit programs from DCAA, please see Appendix J – U.S. Government Forms & Checklists.

## APPENDIX A – BUSINESS UNIT COMPLIANCE DOCUMENTATION TEMPLATE

Business Unit:

Report Period:

### System for Award Management (SAM) Registration

Registration Current: ☐

CAGE: \_\_\_\_\_ DUNS: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Points of Contact Verified: ☐

Representations and Certifications Verified: ☐

Reviewed By: \_\_\_\_\_

Signature: \_\_\_\_\_

Review Date: \_\_\_\_\_

---

### CAS Disclosure Statement

Original Disclosure Statement Date: \_\_\_\_\_ Current Revision Number: \_\_\_\_

Date of Current Revision: \_\_\_\_\_

Current CAS Covered Contracts in Business Unit: Full ☐ Modified ☐ Exempt ☐

Date Submitted to USG (if required by contract): \_\_\_\_\_

Date Determined “Adequate and Compliant” by USG: \_\_\_\_\_

Disclosure Statement Reviewed By: \_\_\_\_\_ Signature: \_\_\_\_\_

Review Date: \_\_\_\_\_

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### U.S. Government Rates

USG Rates Established Date: \_\_\_\_\_

Effective Period: \_\_\_\_\_

Reviewed By: \_\_\_\_\_

Signature: \_\_\_\_\_

Submitted to USG: Yes ☐ No ☐

Review Date: \_\_\_\_\_

## Business Systems Status

The following Business Systems identified in DFARS 252.242-7005 Contractor Business Systems have been reviewed and verified. Except as identified on the attached page, the respective system is documented and addresses all current DFARS requirements including any mandatory internal or external reporting.

### **252.242-7006 Accounting System Administration**

Reviewed By: \_\_\_\_\_

Signature: \_\_\_\_\_

Review Date: \_\_\_\_\_

### **252.234-7002 Earned Value Management System**

(Only if required by a USG contract)

Reviewed By: \_\_\_\_\_

Signature: \_\_\_\_\_

Review Date: \_\_\_\_\_

### **252.215-7002 Cost Estimating System Requirements**

Reviewed By: \_\_\_\_\_

Signature: \_\_\_\_\_

Review Date: \_\_\_\_\_

### **252.242-7004 Material Management and Accounting System**

Reviewed By: \_\_\_\_\_

Signature: \_\_\_\_\_

Review Date: \_\_\_\_\_

### **252.245-7003 Contractor Property Management System Administration**

(Only if required by a USG contract)

Reviewed By: \_\_\_\_\_

Signature: \_\_\_\_\_

Review Date: \_\_\_\_\_

### **252.244-7001 Contractor Purchasing System Administration**

Reviewed By: \_\_\_\_\_

Signature: \_\_\_\_\_

Review Date: \_\_\_\_\_

### Business System Audit Activity

System	Report Number	Report Date	Auditing Office	Deficiencies Noted (Y/N)	Closure Date

NOTE: Auditing Office could be self-review, Internal Audit, External Audit, or a USG Agency.

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### Business System Deficiencies

System/Subject	Deficiency	Date Identified	Projected Closure Date	Point of Contact

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**APPENDIX B – U.S. GOVERNMENT ACTIVE CONTRACTS LIST**

Track all USG contracts and subcontracts to prime contractors valued over \$100K.

USG Prime Contract #	Customer Contract Number (if Kaman is not the prime)	Customer	Description	Date of Award	Completion Date	Total Value	Contract Type	Competed or Sole Source	CAS Coverage (Full, Modified, or N/A)

## **APPENDIX C – COST ACCOUNTING STANDARDS**

### **CAS 401: Consistency in Estimating, Accumulating, and Reporting Costs**

The cost accounting practices used in accumulating and reporting of actual cost must be consistent with the practices used in estimating costs in pricing proposals. Cost estimates must be prepared in such detail so that any significant cost can be subsequently compared with actual cost accumulations. The purpose of this standard is to enhance the likelihood that comparable transactions are treated alike and to obtain improved reliability of estimates and comparisons with performance.

### **CAS 402: Consistency in Allocating Cost Incurred for the Same Purpose**

The same type of cost must be consistently classified as direct or indirect with respect to all work performed. The purpose of this standard is to require that each type of cost is allocated only once and on only one basis to any contract or other cost objective in order to prevent overcharging of some contracts and to eliminate double counting.

### **CAS 403: Allocation of Home Office Expenses to Segments**

Establishes the criteria for allocation of home office expenses to segments and minimizes the amount of such expenses classified as residual. Home office expenses are to be directly allocated to the extent practical on the basis of the beneficial or causal relationship between the home office and segments. Home office expenses that are deemed residual expenses (which are those expenses that are not identifiable with specific activities of segments, such as the expenses of the Chief Executive Officer) must be allocated in accordance with a three-factor formula when they exceed certain amounts. The three factors are: operating revenue, payroll, and capital assets plus inventories. When the three-factor formula is not required, residual expenses must be allocated over a base that is representative of the total activity of the segments.

### **CAS 404: Capitalization of Tangible Assets**

This standard facilitates the consistent measurement of costs based on a capitalization policy that adheres to the criteria of the standard. Business units must possess and consistently follow a written policy on capitalization practices. Currently, the acquisition cost of tangible assets must be capitalized when the acquisition cost is greater than \$5,000 and the estimated service life exceeds two years.

### **CAS 405: Accounting for Unallowable Costs**

The purpose of this standard is to facilitate the negotiation, audit, and settlement of unallowable costs. Unallowable costs must be segregated and identified as such in all pricing and billing to the USG. The maintenance of records in sufficient detail to provide visibility of unallowable costs and the accounting treatment of such costs is required.

### **CAS 406: Cost Accounting Period**

This rule provides criteria for the periods to be used as cost accounting periods for contract estimating, accumulating, and reporting of cost. Business units must use Kaman's fiscal year as the cost accounting period for developing overhead rates for pricing and charging any USG work performed during the fiscal year.

### **CAS 407: Use of Standard Costs for Direct Material and Direct Labor**

Provides the criteria for using standard costs for estimating, accumulating, and reporting costs of direct material and direct labor. The standard also provides criteria relating to the establishment of standards, accumulation of standard costs, and disposition of variances from standard costs. The stated criteria must be met before standard costs may be used for USG contracts.



**CAS 408: Accounting for Costs of Compensated Personal Absence**

Compensated personal absence costs are to be assigned to the cost accounting period in which the entitlement is earned. Entitlement is recognized on an accrual basis at the time the employer becomes liable to pay in the event of a layoff or other disciplinary termination. The purpose of this standard is to assign costs to the cost accounting period in which the related labor is performed and in which labor costs are recognized.

**CAS 409: Depreciation of Tangible Capital Assets**

Provides criteria for assigning costs of tangible assets to cost accounting periods and for consistent allocation of those costs to cost objectives. Business units may select any appropriate method of depreciation that reflects the pattern of consumption over the life of the asset. Estimated service lives are not to be less than the life spans that are supported by the business unit's records of past experience. Estimated residual values must be determined for all capital assets or groups of assets. The estimated residual value must be deducted from the capitalized value in computing the depreciation cost base except in certain limited circumstances. Depreciation of assets used by service centers should be charged to the service center. Depreciation costs are generally allocated as indirect expenses to contracts. They may be charged directly only if the charges are based on usage and the costs of like assets used for similar purposes are also charged direct.

**CAS 410: Allocation of Business Unit General and Administrative Expense to Cost Objectives**

This standard provides criteria for the allocation of the cost of general and administrative expenses based on their beneficial or causal relationships. Business segment G&A must be grouped in a separate indirect cost pool and allocated on a base measured by cost input. Three types of cost input allocation bases are provided; total cost input, value added input, and single element cost input. General and administrative expenses, whose beneficial or causal relationship to cost objectives are more directly measured by other than cost input, are to be excluded from G&A and must be separately allocated.

**CAS 411: Accounting for Acquisition Costs of Material**

Business units must have written statements of accounting policies and practices for accumulating the costs of material and for allocating costs of material to cost objectives. Material inventory records must be kept for each category of material with some exceptions. The standard provides that material specifically acquired for identified contracts may be charged directly to the contract. The cost of material used solely in performing indirect functions (or if it is not a significant element of production cost) may be allocated to an indirect-cost pool. The acceptable methods of costing when issuing material from inventory are; FIFO (first-in, first-out), moving or weighted average, standard cost, or LIFO (last-in, first-out).

**CAS 412: Cost Accounting Standards for Composition and Measurement of Pension Costs**

Prior to this standard, there was no authoritative guidance regarding components of pension costs that could be properly included as contract costs, or any criteria for measuring and assigning pension costs to cost accounting periods. This standard establishes the components of pension costs and the bases for measuring such costs. The standard also provides criteria for determining the amount of pension cost to be assigned to cost accounting periods.

**CAS 413: Adjustment and Allocation of Pension Costs**

This standard provides for adjustment of pension cost for actuarial gains and losses, their assignment to cost accounting periods, and bases for allocation of pension costs to business segments. Actuarial gains and losses are to be calculated annually and are to be assigned to the cost accounting period for which the actuarial valuation is made and to subsequent accounting periods. Pension costs are to be measured by the valuation of pension fund assets using a method that recognizes fair market values with consideration for short-term market fluctuations. Pension plan costs are to be separately allocated to segments based on active participation of employees.

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

This provides for the explicit recognition of the cost of money for facilities capital as an element of contract costs. A business unit's net book value of facilities is measured and allocated in accordance with set criteria. The allocated amount is used as a base to which a cost of money rate is applied. The rate is based on interest rates determined by the Secretary of the Treasury. Facilities capital items include recorded facilities, land, leased property, and corporate or group facilities. A facilities capital cost of money factor is developed for each indirect-cost pool for which a significant amount of facilities capital has been allocated. The cost of capital committed to facilities is separately computed for each contract.

**CAS 415: Accounting for the Cost of Deferred Compensation**

This rule provides criteria for the measurement and assignment of deferred compensation costs to cost accounting periods. The cost of deferred compensation is to be assigned to the cost accounting period in which the business incurs an obligation to compensate the employee. The measurement of the amount of the deferred compensation is the present value of the future benefits to be paid by the business unit.

**CAS 416: Accounting for Insurance Costs**

This standard provides criteria for the measurement of insurance costs, the assignment of such costs to cost accounting periods, and their allocation to cost objectives. The amount of insurance cost to be assigned to a cost accounting period is the projected average loss for that period plus insurance administrative expenses in that period. Insurance costs are to be allocated to cost objectives on the basis of the beneficial or causal relationship between the insurance costs and the benefiting or causing cost objectives.

**CAS 417: Cost of Money as an Element of the Cost of Capital Assets Under Construction**

Establishes criteria for the measurement of the cost of money attributable to capital assets under construction, fabrication, or development as an element of the cost of those assets. This standard improves cost measurement by providing for recognition of cost of business unit investment in assets under construction; and provides greater uniformity in accounting for asset acquisition costs.

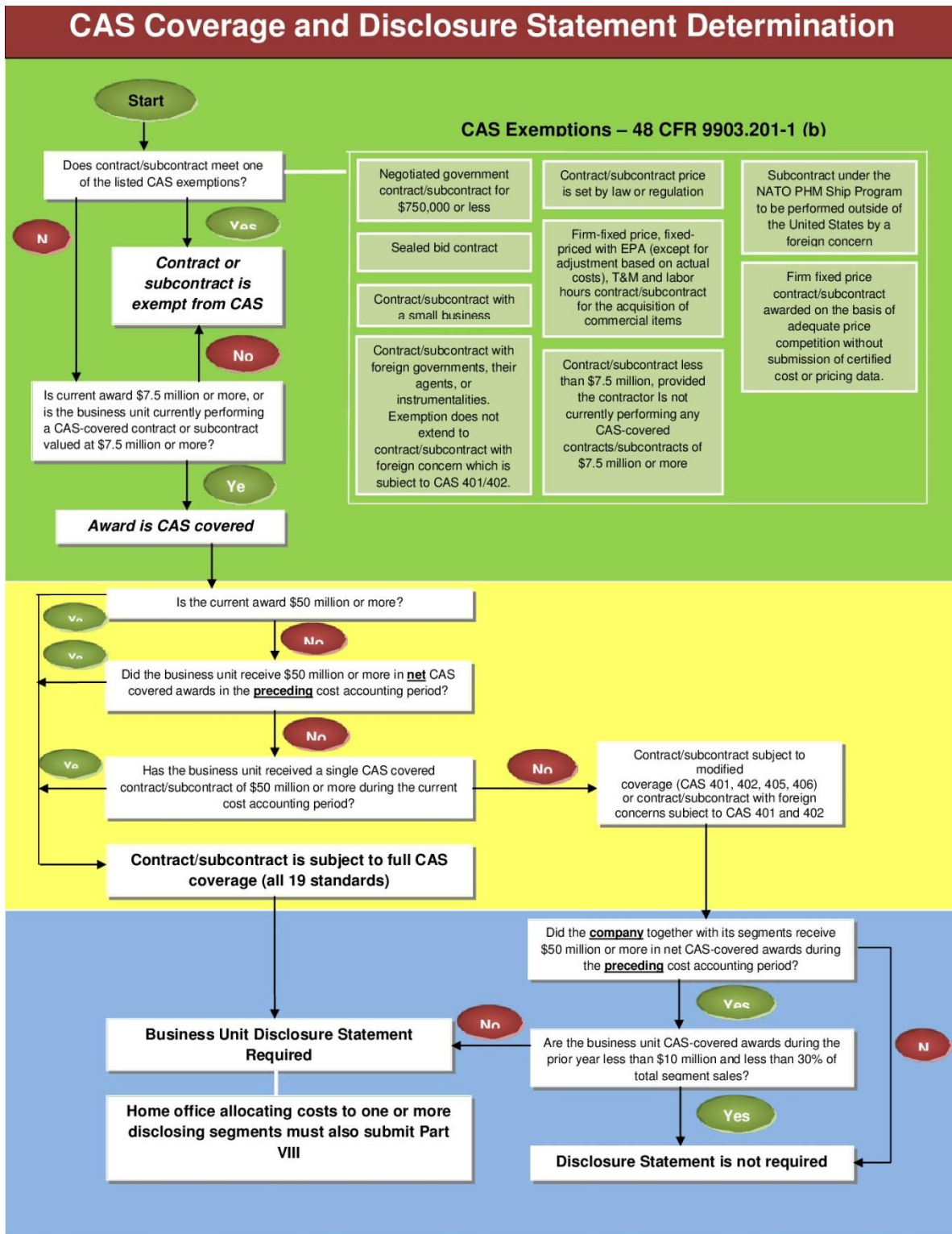
**CAS 418: Allocation of Direct and Indirect Costs**

This provides for consistent determination of direct and indirect costs, provides criteria for the accumulation of indirect costs, including service center and overhead costs in indirect-cost pools, and provides guidance relating to the selection of allocation measures based on the beneficial or causal relationship between an indirect-cost pool and cost objectives. For those indirect-cost pools containing a material amount of the costs of management or supervision of activities involving direct labor or materials, the selected allocation base is to be representative of the activity being managed or supervised (e.g., direct labor, machine hours, direct materials). For indirect-cost pools that do not contain a material amount of management or supervision costs, the allocation base shall be, in order of preference: an appropriate measure of resource consumption, measure of output of the activities, or a surrogate measure that varies in proportion to the services received.

**CAS 419: Reserved****CAS 420: Accounting for Independent Research and Development Costs and Bid and Proposal Costs**

This rule provides criteria for the accumulation of independent research and development (IR&D) costs and bid and proposal (B&P) costs. It also provides criteria for the allocation of such costs to cost objectives based on the beneficial or causal relationship between such costs and cost objectives. The standard provides that the basic unit for the identification and accumulation of IR&D/B&P is the individual project. This includes all allocable costs, including materials and overhead — except G&A expenses. IR&D and B&P expenses not allocated by a special allocation (based on a beneficial or causal relationship) must be allocated to final cost objectives on the same base used to allocate general and administrative expenses.

## APPENDIX D – CAS COVERAGE AND DISCLOSURE STATEMENT DETERMINATION



NOTE: See Navigation Tips on the next page

## APPENDIX D – CAS Coverage and Disclosure Statement Determination – Navigation Tips

These tips are provided to help the business unit navigate through flow chart to determine if a contract or subcontract is CAS-covered and if a Disclosure Statement is required to be submitted to the USG. The tips may also be used to help determine if a subcontract to a supplier is CAS-covered.

### **Determine if the contract or subcontract is CAS-covered or exempt in the Green portion of the flowchart:**

1. Does one of the following CAS exemptions apply? (CAS 9903.201-1(b)) – If any of the following conditions is true, the contract/subcontract is exempt from CAS and there is no further determination required.

- Firm-fixed-price contracts or subcontracts awarded on the basis of adequate price competition without submission of cost or pricing data.
- Contract awarded using sealed bid procedures
- Negotiated contracts and subcontracts not in excess of the TINA threshold.
- Firm fixed-priced, fixed-priced with economic price adjustment (provided that price adjustment is not based on actual costs incurred), time-and-materials, and labor-hour contracts and subcontracts for the acquisition of commercial items.
- Contracts or subcontracts of less than \$7.5 million, provided that, at the time of award, the business unit is not currently performing any CAS-covered contracts or subcontracts valued at \$7.5 million or greater.
- Contracts and subcontracts in which the price is set by law or regulation.
- Contracts and subcontracts with small businesses. (Kaman is not a small business)
- Contracts and subcontracts with foreign governments. (Kaman is not a foreign government)
- Subcontract under the NATO PHM Ship program to be performed outside of the United States by a foreign concern.

2. Is the current contract award \$7.5 M?

- If the answer is “yes” then the contract/subcontract is CAS-covered. Move to the yellow portion of the flowchart.
- If the answer is “no”, then is the business unit currently performing a CAS-covered contract or subcontract valued at \$7.5M or more?
  - If the answer is “yes” then the contract/subcontract is CAS-covered. Move to the yellow portion of the flowchart.
  - If the answer is “no”, the contract/subcontract is exempt from CAS and there is no further determination required.

**Determine if the contract or subcontract is subject to full CAS coverage (all 19 standards) or Modified CAS Coverage (CAS 401, 402, 405, 406) in the Yellow portion of the flowchart:**

Are any of the following conditions true?

- The current contract/subcontract award is valued at \$50M or more. (When determining the 'value' is the sum of all work awarded plus all unexercised options)
- The business unit received a total of \$50M or more in net CAS covered awards (contracts and subcontracts) in the previous calendar year (Kaman's accounting period). "Net awards" as defined in CAS 9903.301(a) means the total value of negotiated CAS-covered prime contract and subcontract awards, including the potential value of contract options, received during the reporting period minus cancellations, terminations, and other related credit transactions.
- The business unit received a single CAS covered contract/subcontract valued \$50M or more during the current calendar year.

1. If all of the above conditions are "false", then the contract/subcontract is subject to Modified CAS Coverage.

2. If one or more of the above conditions are "true", then the contract/subcontract is subject to full CAS Coverage.

**Determine the need for a Disclosure Statement in the Blue portion of the flowchart:**

NOTE: If a business unit is required to submit a Disclosure Statement to the USG, the respective "Home Office" must also submit Disclosure Statement Part VIII – Home Office Expenses whether the contract or subcontract is subject to Full or Modified CAS Coverage.

Contract/subcontract is subject to Full CAS Coverage. The business unit is required to submit a Disclosure Statement to USG. .

Contract/subcontract is subject to Modified CAS Coverage. The Disclosure Statement requirement is based on the prior year's company, segment, and business unit sales.

1. If the company together with its segments received less than \$50M in net CAS-covered awards during the prior calendar year, the business unit is not required to submit a Disclosure.

2. If the calculation in step 1 is \$50M or more, did the business unit receive both less than \$10M in CAS-covered award during the prior year and the business unit CAS-covered awards is less than 30% of the total segment sales? (Total segment sales includes all non-CAS-covered awards and commercial sales)

- If yes, then the business unit is required to submit a Disclosure Statement.
- If no, then a Disclosure Statement is not required.

## **APPENDIX E – INDEX OF FAR PARTS**

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- Part 1 Federal Acquisition Regulations System
- Part 2 Definitions of Words and Terms
- Part 3 Improper Business Practices and Personal Conflicts of Interest
- Part 4 Administrative Matters

### **SUBCHAPTER B – ACQUISITION PLANNING**

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- Part 6 Competition Requirements
- Part 7 Acquisition Planning
- Part 8 Required Sources of Supplies and Services
- Part 9 Contractor Qualifications
- Part 10 Market Research
- Part 11 Describing Agency Needs
- Part 12 Acquisition of Commercial Items

### **SUBCHAPTER C – CONTRACTING METHODS AND CONTRACT TYPES**

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- Part 14 Sealed Bidding
- Part 15 Contracting by Negotiation
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- Part 17 Special Contracting Methods
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- Part 53 Forms



## APPENDIX F – CONTRACT TYPES

### Common Fixed Price Contract Types

	<b>Firm Fixed-Price (FFP)</b>	<b>Fixed-Price Economic Price Adjustment (FP-EPA)</b>	<b>Fixed-Price Incentive Firm (FPIF)</b>	<b>Fixed-Price Award-Fee (FPAF)</b>	<b>Fixed-Price Prospective Redetermination (FPRP)</b>
<b>Principal Risk to be Mitigated</b>	None. Thus, the contractor assumes all cost risk.	Unstable market prices for labor or material over the life of the contract.	Moderately uncertain contract labor or material requirements.	Risk that the user will not be fully satisfied because of judgmental acceptance criteria.	Costs of performance after the first year because they cannot be estimated with confidence.
<b>Use When...</b>	<ul style="list-style-type: none"> <li>The requirement is well-defined.</li> <li>Contractors are experienced in meeting it.</li> <li>Market conditions are stable.</li> <li>Financial risks are otherwise insignificant.</li> </ul>	The market prices at risk are severable and significant. The risk stems from industry-wide contingencies beyond the contractor's control. The dollars at risk outweigh the administrative burdens of an FPEPA.	A ceiling price can be established that covers the most probable risks inherent in the nature of the work. The proposed profit sharing formula would motivate the contractor to control costs to and meet other objectives.	Judgmental standards can be fairly applied by an Award-fee panel. The potential fee is large enough to both: <ul style="list-style-type: none"> <li>Provide a meaningful incentive.</li> <li>Justify related administrative burdens.</li> </ul>	The Government needs a firm commitment from the contractor to deliver the supplies or services during subsequent years. The dollars at risk outweigh the administrative burdens of an FPRP.
<b>Elements</b>	A firm fixed-price for each line item or one or more groupings of line items.	A fixed-price, ceiling on upward adjustment, and a formula for adjusting the price up or down based on: <ul style="list-style-type: none"> <li>Established prices.</li> <li>Actual labor or material costs.</li> <li>Labor or material indices.</li> </ul>	<ul style="list-style-type: none"> <li>A ceiling price</li> <li>Target cost</li> <li>Target profit</li> <li>Delivery, quality, and/or other performance targets (optional)</li> <li>Profit sharing formula</li> </ul>	<ul style="list-style-type: none"> <li>A firm fixed-price.</li> <li>Standards for evaluating performance.</li> <li>Procedures for calculating a fee based on performance against the standards</li> </ul>	<ul style="list-style-type: none"> <li>Fixed-price for the first period.</li> <li>Proposed subsequent periods (at least 12 months apart).</li> <li>Timetable for pricing the next period(s).</li> </ul>
<b>Contractor is Obligated to:</b>	Provide an acceptable deliverable at the time, place and price specified in the contract.	Provide an acceptable deliverable at the time and place specified in the contract at the adjusted price.	Provide an acceptable deliverable at the time and place specified in the contract at or below the ceiling price.	Perform at the time, place, and the price fixed in the contract.	Provide acceptable deliverables at the time and place specified in the contract at the price established for each period.
<b>Contractor Incentive (other than maximizing goodwill)</b> <sup>1</sup>	Generally realizes an additional dollar of profit for every dollar that costs are reduced.	Generally realizes an additional dollar of profit for every dollar that costs are reduced.	Realizes a higher profit by completing the work below the ceiling price and/or by meeting objective performance targets.	Generally realizes an additional dollar of profit for every dollar that costs are reduced; earns an additional fee for satisfying the performance standards.	For the period of performance, realizes an additional dollar of profit for every dollar that costs are reduced.

	<b>Firm Fixed-Price (FFP)</b>	<b>Fixed-Price Economic Price Adjustment (FP-EPA)</b>	<b>Fixed-Price Incentive Firm (FPIF)</b>	<b>Fixed-Price Award-Fee (FPAF)</b>	<b>Fixed-Price Prospective Redetermination (FPRP)</b>
<b>Typical Application</b>	Commercial supplies and services.	Long-term contracts for commercial supplies during a period of high inflation	Production of a major system based on a prototype	Performance-based service contracts.	Long-term production of spare parts for a major system.
<b>Principal Limitations in FAR Parts 16, 32, 35, and 52</b>	Generally NOT appropriate for R&D.	Must be justified.	Must be justified. Must be negotiated. Contractor must have an adequate accounting system. Cost data must support targets.	Must be negotiated.	MUST be negotiated. Contractor must have an adequate accounting system that supports the pricing periods. Prompt redeterminations.
<b>Variants</b>	Firm Fixed-price Level of Effort.		Successive Targets		Retroactive Redetermination



## Common Cost Reimbursement Contract Types

	Cost-Plus Incentive-Fee (CPIF)	Cost-Plus Award-Fee (CPAF)	Cost-Plus Fixed-Fee (CPFF)	Cost or Cost-Sharing (C or CS)	Time & Materials (T&M)
<b>Principal Risk to be Mitigated</b>	Highly uncertain and speculative labor hours, labor mix, and/or material requirements (and other things) necessary to perform the contract. The Government assumes the risks inherent in the contract -benefiting if the actual cost is lower than the expected cost-losing if the work cannot be completed within the expected cost of performance.				
<b>Use When...</b>	An objective relationship can be established between the fee and such measures of performance as actual costs, delivery dates, performance benchmarks, and the like.	Objective incentive targets are not feasible for critical aspects of performance. Judgmental standards can be fairly applied. <sup>1</sup> Potential fee would provide a meaningful incentive.	Relating fee to performance (e.g., to actual costs) would be unworkable or of marginal utility.	<ul style="list-style-type: none"> <li>The contractor expects substantial compensating benefits for absorbing part of the costs and/or foregoing fee or</li> <li>The vendor is a non-profit entity</li> </ul>	No other type of contract is suitable (e.g., because costs are too low to justify an audit of the contractor's indirect expenses).
<b>Elements</b>	<ul style="list-style-type: none"> <li>Target cost</li> <li>Performance targets (optional)</li> <li>A minimum, maximum, and target fee</li> <li>A formula for adjusting fee based on actual costs and/or performance</li> </ul>	<ul style="list-style-type: none"> <li>Target cost</li> <li>Standards for evaluating performance</li> <li>A base and maximum fee</li> <li>Procedures for adjusting fee, based on performance against the standards</li> </ul>	<ul style="list-style-type: none"> <li>Target cost</li> <li>Fixed fee</li> </ul>	<ul style="list-style-type: none"> <li>Target cost</li> <li>If CS, an agreement on the Government's share of the cost.</li> <li>No fee</li> </ul>	<ul style="list-style-type: none"> <li>A ceiling price</li> <li>A per-hour labor rate that also covers overhead and profit</li> <li>Provisions for reimbursing direct material costs</li> </ul>
<b>Contractor is Obligated to:</b>	Make a good faith effort to meet the Government's needs within the estimated cost in the Schedule.				Make a good faith effort to meet the Government's needs within the ceiling price.
<b>Contractor Incentive (other than maximizing goodwill)<sup>1</sup></b>	Realizes a higher fee by completing the work at a lower cost and/or by meeting other objective performance targets.	Realizes a higher fee by meeting judgmental performance standards.	Realizes a higher rate of return (i.e., fee divided by total cost) as total cost decreases.	If CS, shares in the cost of providing a deliverable of mutual benefit	
<b>Typical Application</b>	Research and development of the prototype for a major system.	Large scale research study.	Research study	Joint research with educational institutions.	Emergency repairs to heating plants and aircraft engines.
<b>Principal Limitations in FAR Parts 16, 32, 35, and 52</b>	The contractor must have an adequate accounting system. The Government must exercise surveillance during performance to ensure use of efficient methods and cost controls. Must be negotiated. Must be justified. Statutory and regulatory limits on the fees that may be negotiated. Must include the applicable Limitation of Cost clause at FAR 52.232-20 through 52.232-23.				Labor rates must be negotiated. MUST be justified. The Government MUST exercise appropriate surveillance to ensure efficient performance.
<b>Variants</b>			Completion or Term.		Labor Hour (LH)



## APPENDIX G – DISTRIBUTION STATEMENTS

Distribution Statement A	<p>Approved for public release</p> <p>This statement is included only on unclassified technical documents. Technical documents with this statement may be made available or sold to the public and foreign nationals, companies, and governments and may be exported.</p>
Distribution Statement B	<p>Distribution authorized to U.S. Government agencies only</p> <p>This statement may be used on classified or unclassified technical documents for use within the USG. It applies to documents relating to administrative or operational use; contractor performance evaluations; critical technology; export controlled; foreign government information; operations security; premature dissemination; proprietary information; test and evaluation; software documentation; specific authority; or vulnerability information.</p>
Distribution Statement C	<p>Distribution authorized to U.S. Government agencies and their contractors</p> <p>This statement may be used on classified or unclassified technical documents for within USG agencies and their contractors. It applies to documents relating to administrative or operational use; critical technology; export controlled; foreign government information; software documentation; specific authority; or vulnerability information.</p>
Distribution Statement D	<p>Distribution authorized to the Department of Defense and U.S. DoD contractors only.</p> <p>This statement may be used on classified or unclassified technical documents within the DoD and its contractors. It applies to documents relating to administrative or operational use; critical technology; export controlled; foreign government information; software documentation; specific authority; or vulnerability information.</p>
Distribution Statement E	<p>Distribution authorized to DoD Components only</p> <p>This statement may be used on classified or unclassified technical documents only within the DoD. It applies to documents relating to direct military support; administrative or operational use; contractor performance evaluations; critical technology; export controlled; foreign government information; operations security; premature dissemination; proprietary information; test and evaluation; software documentation; specific authority; or vulnerability information.</p>
Distribution Statement F	<p>Further dissemination only as directed by the controlling DoD office or higher DoD Authority</p> <p>This statement is only used on classified technical documents.</p>

Department of Defense Instruction (DODI) 5230.24 – Distribution Statements on Technical Documents provides guidance on Distribution Statements on unclassified technical documents. The Distribution Statement may include additional information such as a controlling agency or office to direct questions to pertaining to distributing the information.

## APPENDIX H – DATA RIGHTS ASSERTION FORMATS

The following clauses have specific formats to provide data rights assertions.

Ensure that the most current version of the clause is used when submitting the proposal to the USG or a prime contractor.

Ensure that any subcontractor assertions are included in the assertion.

### 252.227-7013 Rights in Technical Data--Noncommercial Items.

Identification and Assertion of Restrictions on the Government's Use, Release, or Disclosure of Technical Data.

The Contractor asserts for itself, or the persons identified below, that the Government's rights to use, release, or disclose the following technical data should be restricted—

Technical Data			Name of Person
to be Furnished	Basis for	Asserted Rights	Asserting
With Restrictions*	Assertion**	Category***	Restrictions****
(LIST)	(LIST)	(LIST)	(LIST)

\*If the assertion is applicable to items, components, or processes developed at private expense, identify both the data and each such item, component, or process.

\*\*Generally, the development of an item, component, or process at private expense, either exclusively or partially, is the only basis for asserting restrictions on the Government's rights to use, release, or disclose technical data pertaining to such items, components, or processes. Indicate whether development was exclusively or partially at private expense. If development was not at private expense, enter the specific reason for asserting that the Government's rights should be restricted.

\*\*\*Enter asserted rights category (e.g., government purpose license rights from a prior contract, rights in SBIR data generated under another contract, limited or government purpose rights under this or a prior contract, or specifically negotiated licenses).

\*\*\*\*Corporation, individual, or other person, as appropriate.

Date

---

Printed Name and Title

---

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Signature

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(End of identification and assertion)

**252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation.**

**Identification and Assertion of Restrictions on the Government's Use, Release, or Disclosure of Computer Software.**

The Contractor asserts for itself, or the persons identified below, that the Government's rights to use, release, or disclose the following computer software should be restricted:

Computer Software			Name of Person
to be Furnished	Basis for	Asserted Rights	Asserting
With Restrictions*	Assertion**	Category***	Restrictions****
(LIST)	(LIST)	(LIST)	(LIST)

\*Generally, development at private expense, either exclusively or partially, is the only basis for asserting restrictions on the Government's rights to use, release, or disclose computer software.

\*\*Indicate whether development was exclusively or partially at private expense. If development was not at private expense, enter the specific reason for asserting that the Government's rights should be restricted.

\*\*\*Enter asserted rights category (e.g., restricted or government purpose rights in computer software, government purpose license rights from a prior contract, rights in SBIR software generated under another contract, or specifically negotiated licenses).

\*\*\*\*Corporation, individual, or other person, as appropriate.

Date \_\_\_\_\_

Printed Name and Title \_\_\_\_\_

Signature \_\_\_\_\_

(End of identification and assertion)

## APPENDIX I – RESTRICTIVE LEGENDS MARKING

### 252.227-7013 Rights in Technical Data--Noncommercial Items.

*Government purpose rights markings.* Data delivered or otherwise furnished to the Government with government purpose rights shall be marked as follows:

#### GOVERNMENT PURPOSE RIGHTS

Contract No.

Contractor Name

Contractor Address

Expiration Date

The Government's rights to use, modify, reproduce, release, perform, display, or disclose these technical data are restricted by paragraph (b)(2) of the Rights in Technical Data—Noncommercial Items clause contained in the above identified contract. No restrictions apply after the expiration date shown above. Any reproduction of technical data or portions thereof marked with this legend must also reproduce the markings.

(End of legend)

*Limited rights markings.* Data delivered or otherwise furnished to the Government with limited rights shall be marked with the following legend:

#### LIMITED RIGHTS

Contract No.

Contractor Name

Contractor Address

The Government's rights to use, modify, reproduce, release, perform, display, or disclose these technical data are restricted by paragraph (b)(3) of the Rights in Technical Data--Noncommercial Items clause contained in the above identified contract. Any reproduction of technical data or portions thereof marked with this legend must also reproduce the markings. Any person, other than the Government, who has been provided access to such data must promptly notify the above named Contractor.

(End of legend)

*Special license rights markings.*

Data in which the Government's rights stem from a specifically negotiated license shall be marked with the following legend:

**SPECIAL LICENSE RIGHTS**

The Government's rights to use, modify, reproduce, release, perform, display, or disclose these data are restricted by Contract No. \_\_\_\_ (Insert contract number) \_\_\_\_, License No. \_\_\_\_ (Insert license identifier) \_\_\_\_.

Any reproduction of technical data or portions thereof marked with this legend must also reproduce the markings.

(End of legend)

## **252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation**

*Government purpose rights markings.* Computer software delivered or otherwise furnished to the Government with government purpose rights shall be marked as follows:

### **GOVERNMENT PURPOSE RIGHTS**

Contract No.  
Contractor Name  
Contractor Address

Expiration Date

The Government's rights to use, modify, reproduce, release, perform, display, or disclose this software are restricted by paragraph (b)(2) of the Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation clause contained in the above identified contract. No restrictions apply after the expiration date shown above. Any reproduction of the software or portions thereof marked with this legend must also reproduce the markings.

(End of legend)

*Restricted rights markings.* Software delivered or otherwise furnished to the Government with restricted rights shall be marked with the following legend:

### **RESTRICTED RIGHTS**

Contract No.  
Contractor Name  
Contractor Address

The Government's rights to use, modify, reproduce, release, perform, display, or disclose this software are restricted by paragraph (b)(3) of the Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation clause contained in the above identified contract. Any reproduction of computer software or portions thereof marked with this legend must also reproduce the markings. Any person, other than the Government, who has been provided access to such software must promptly notify the above named Contractor.

(End of legend)

*Special license rights markings.*



Computer software or computer software documentation in which the Government's rights stem from a specifically negotiated license shall be marked with the following legend:

#### SPECIAL LICENSE RIGHTS

The Government's rights to use, modify, reproduce, release, perform, display, or disclose these data are restricted by Contract No. \_\_\_\_ (Insert contract number) \_\_\_\_, License No. \_\_\_\_ (Insert license identifier) \_\_\_\_.

Any reproduction of computer software, computer software documentation, or portions thereof marked with this legend must also reproduce the markings.

(End of legend)

**APPENDIX J –  
U.S. GOVERNMENT FORMS & CHECKLISTS**

DCAA Selected Areas of Cost Guidebook

<https://www.dcaa.mil/Guidance/Selected-Area-of-Cost-Guidebook/>

DCAA Directory of Audit Programs

<https://www.dcaa.mil/Guidance/Directory-of-Audit-Programs/>

DCAA Contract Audit Manual (DCAM)

<https://www.dcaa.mil/Guidance/CAM-Contract-Audit-Manual/>

DCAA Information for Contractors (June 2012)

<https://www.dcaa.mil/Portals/88/Information%20for%20Contractor%27s%20Pamphlet%20%28DCAAM%20764190%29%20%28508%20C%29.pdf>

DCAA/DCMA Memorandum to Regional Directors (MRDs)

<https://www.dcaa.mil/Guidance/MRDS-Audit-Guidance-Memos/>

## GLOSSARY – ACRONYMS

A&AS	Advisory and Assistance Services	C4	Command, Control, Communications, and Computers
ACAT	Acquisition Category		
ACO	Administrative Contracting Officer	C4I	Command, Control, Communications, Computers, and Intelligence
ACWP	Actual Cost of Work Performed		
ADP	Automated Data Processing	C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance
ADR	Alternate Dispute Resolution		
AFB	Air Force Base	CACO	Corporate Administrative Contracting Officer
AFIT	Air Force Institute of Technology	CAE	Component Acquisition Executive
AFMC	Air Force Materiel Command	CAFU	Contract Audit Follow Up
ALC	Air Logistics Center	CAGE	Commercial and Government Entity
ALT	Administrative Lead Time	CAIG	Cost Analysis Improvement Group
AMSDL	Acquisition Management Systems Data List	CAIV	Cost as an Independent Variable
ANC	Alaska Native Corporation	CAO	Contract Administration Office
ANSI	American National Standards Institute, Inc.	CAP	(i) Contractor Acquired Property (ii) Corrective Action Plan
AoA	Analysis of Alternatives	CAPE	Cost Assessment and Program Evaluation
APB	Acquisition Program Baseline	CAR	(i) Configuration Audit Review (ii) Corrective Action Request
APUC	Average Procurement Unit Cost		
ARB	Acquisition Review Board	CARD	Cost Analysis Requirements Description
ASBCA	Armed Services Board of Contract Appeals	CAS	Cost Accounting Standards
ASD	Assistant Secretary of Defense	CASB	Cost Accounting Standards Board
ATD	(i) Advanced Technology Demonstration (ii) Advanced Technology Development	CBAR	Contract Business Analysis Repository
BAA	(i) Broad Agency Announcement (ii) Buy American Act	CBA	(i) Capabilities-Based Assessment (ii) Cost-Benefit Analysis
BAC	Budget at Completion	CBD	Commerce Business Daily
BAFO	Best and Final Offer	CBM	Condition Based Maintenance
BCE	Baseline Cost Estimate	CBR	Chemical, Biological, and Radiological
BCWP	Budgeted Cost of Work Performed	CCA	Component Cost Analysis
BCWS	Budgeted Cost of Work Scheduled	CCB	Configuration Control Board
BLS	Bureau of Labor Statistics	CCD	Contract Completion Date
BOA	Basic Ordering Agreement	CCDR	Contractor Cost Data Report(s)/Reporting
BoR	Boards of Review	CCE	Component Cost Estimate
C2	Command and Control	CCP	Component Cost Position
C3I	Command, Control, Communications, and Intelligence	CDR	(i) Contract Deficiency Report (ii) Critical Design Review (iii) Contract Data Requirement
C3ISR	Command, Control, Communication, Intelligence, Surveillance, and Reconnaissance	CDRL	Contract Data Requirements List
		CER	Cost Estimating Relationship

CETS	Contractor Engineering Technical Service	CRADA	Cooperative Research and Development Agreement
CFAO	Cognizant Federal Agency Official	CSAF	Chief of Staff of the Air Force
CFE	Contractor Furnished Equipment	CSB	Configuration Steering Board
CFR	Code of Federal Regulations	CSI	Critical Safety Item
CFY	Contractor Fiscal Year	CSS	Contractor Support Services
CGA	Capability Gap Assessment	CTP	Critical Technical Parameter
CI	(i) Commercial Item (ii) Configuration Item (iii) Counterintelligence	CV	Cost Variance
CIO	Chief Information Officer	CWBS	Contract Work Breakdown Structure
CLIN	Contract Line Item Number	CY	Calendar Year
CLR	Customer Liaison Representative	D&F	Determination and Findings
CLS	Contractor Logistics Support	D-Level	Depot Level Maintenance
CM	(i) Configuration Management (ii) Contract Management	DA	Department of the Army
CMMI	Capability Maturity Model Integration	DAB	Defense Acquisition Board
CMO	Contract Management Office	DAC	Defense Acquisition Circular
CMP	Configuration Management Plan	DACO	Divisional Administrative Contracting Officer
CMS	Cost Monitoring Specialist	DAE	Defense Acquisition Executive
CNO	Chief of Naval Operations	DAES	Defense Acquisition Executive Summary
CO	Contracting Officer (also KO)	DAF	Department of the Air Force
COC	(i) Certificate of Competency (ii) Certificate of Compliance	DAG	Defense Acquisition Guidebook
COFC	United States Court of Federal Claims	DARPA	Defense Advanced Research Projects Agency
COMSEC	Communications Security	DAU	Defense Acquisition University
CONOPS	Concept of Operations	DAWIA	Defense Acquisition Workforce Improvement Act
COTS	Commercial Off-The-Shelf	DCAA	Defense Contract Audit Agency
CPAF	Cost Plus Award Fee	DCAS	Defense Contract Administrative Services
CPAR	Contractor Performance Assessment Report	DCI	Detailed Cost Impact
CPARS	Contractor Performance Assessment Reporting System	DCIS	Defense Criminal Investigative Service
CPFF	Cost Plus Fixed Fee	DCMA	Defense Contract Management Agency
CPI	(i) Consumer Price Index (ii) Cost Performance Index (iii) Critical Program Information	DCMA-INST	DCMA Instruction
CPM	(i) Contractor Performance Measurement (ii) Critical Path Method	DCMAS	DCMA Special Program
CPR	Contract Performance Report	DCN	Document Control Number
CPSR	Contractor Purchasing System Review	DCS	(i) Deputy Chief of Staff (ii) Direct Commercial Sales
CR	(i) Change Request (ii) Continuing Resolution (iii) Cost-reimbursement	DEMIL	Demilitarization
CRA	Continuing Resolution Authority	DESC	Defense Electronics Supply Center
		DFARS	Defense Federal Acquisition Regulation Supplement
		DFARS PGI	DFARS Procedures, Guidance, and Information

DFAS	Defense Finance and Accounting Service	DWCF	Defense Working Capital Fund
DFSC	Defense Fuel Supply Center	E3	Electromagnetic Environmental Effects
DHS	Department of Homeland Security	EA	(i) Economic Analysis (ii) Electronic Attack (iii) Environmental Assessment (iv) Evolutionary Acquisition (v) Executive Agent (vi) Executing Authority
DIB	Defense Industrial Base		
DID	Data Item Description		
DISA	Defense Information Systems Agency	EAC	Estimate at Completion
DISC	Defense Industrial Supply Center	EAR	Export Administration Regulations
DLA	Defense Logistics Agency	ECCM	Electronic Counter-Countermeasures
DMEA	Damage Mode and Effects Analysis	ECCN	Export Control Classification Number
DML	Depot Maintenance Level	ECD	Estimated Completion Date
DMSMS	Diminishing Manufacturing Sources and Material Shortages	EC/EDI	Electronic Commerce/Electronic Data Interchange
DoD, DOD	Department of Defense	ECM	Electronic Countermeasures
DODAAC	Department of Defense Activity Address Code	ECO	Engineering Change Order
DODD	DOD Directive	ECP	Engineering Change Proposal
DODI	DOD Instruction	EDA	Electronic Data Access
DODIG	Department of Defense Inspector General	EDI	Electronic Data Interchange
DODM	DOD Manual	EDW	Electronic Document Workflow
DOE	Department of Energy	EDWOSB	Economically Disadvantaged Women Owned Small Business
DOI	Department of Interior	EEO	Equal Employment Opportunity
DoJ, DOJ	Department of Justice	EEOC	Equal Employment Opportunity Commission
DoS, DOS	Department of State	EIS	Environmental Impact Statement
DPA	Defense Production Act of 1950	ELINT	Electronic Intelligence
DPAP	Defense Procurement and Acquisition Policy	EMD	Engineering and Manufacturing Development
DPAS	Defense Priorities Allocations System	EMI	Electromagnetic Interference
DPG	Defense Planning Guidance	EMP	Electronic Magnetic Pulse
DRMO	Defense Reutilization Marketing Office	EOA	Early Operational Assessment
DRMS	Defense Reutilization and Marketing Service	EOM	End of Month
DRN	Data Record Number	EOQ	(i) Economic Order Quantity (ii) Economic Ordering Quantity (iii) End of Quarter
DSA	Designated Security Authority	EOY	End of Year
DSAA	Defense Security Assistance Agency	EP	Electronic Protection
DSB	Defense Science Board	EPA	Economic Price Adjustment
DSC	Defense Supply Center	EPR	Economic Production Rate
DSMC	Defense Systems Management College	EPRA	Enterprise Performance Review and Analysis
DSOR	Deport Source of Repair	ESH	Environment, Safety, and Health
DSR	Defense Strategy Review	ESOH	Environment, Safety, and Occupational Health
DT&E	Development Test and Evaluation		
DTIC	Defense Technical Information Center		
DUNS	Data Universal Numbering System		

eSRS	Electronic Subcontracting Reporting System	FOIA	Freedom of Information Act
ETC	Estimate to Complete	FoS	Family of Systems
ETR	Estimated Time to Repair	FOT&E	Follow-On Test and Evaluation
EUM	End-Use Monitoring	FPEPA	Fixed Price with Economic Price Adjustment
EV	Earned Value	FPI	Fixed Price Incentive
EVM	Earned Value Management	FPIC	Fixed Price Incentive Contract
EVMS	Earned Value Management System	FPIF	Fixed Price Incentive (Firm Target)
EW	Electronic Warfare	FPIS	Fixed Price Incentive (Successive Target)
EWG	Environmental Working Group	FPR	Final Proposal Provision
F3	Form, Fit, and Function Data	FPRA	Forward Pricing Rate Agreement
F3I	Form, Fit, and Function Interface	FPRP	Forward Pricing Rate Proposal
FA	First Article	FPRR	Forward Pricing Rate Recommendation
FAA	Federal Aviation Administration	FRP	Full Rate Production
FAC	Federal Acquisition Circular	FSCAP	Flight Safety Critical Aircraft Part
FAI	First Article Inspection	FSCM	Federal Supply Code for Manufacturers
FAO	Field Audit Office	FSM	Functional Service Manager
FAT	First Article Test	FSN	Federal Stock Number
FAPIIS	Federal Awardee Performance Integrity Information System	FSP	Flight Safety Part
FAR	Federal Acquisition Regulation	FSS	Federal Supply Schedule
FARA	Federal Acquisition Reform Act (1986)	FTE	Full Time Equivalent
FASA	Federal Acquisition Streamlining Act (1984)	FY	Fiscal Year
FAT	(i) Factory Acceptance Test (ii) First Article Test	FYDP	Future Years Defense Program
FC	Fixed Cost	G&A	General and Administrative
FCA	Functional Configuration Audit	GAO	Government Accountability Office
FCB	Functional Capabilities Board	GAT	Government Acceptance Test
FCBWG	Functional Capabilities Board Working Group	GBL	Government Bill of Lading
FCG	Foreign Clearance Guide	GCCS	Global Command and Control System
FCI	Functional Configuration Board	GDM	General Dollar Magnitude
FDO	Fee Determining Official	GE	Government Estimate
FEDBIZOPPS	Federal Business Opportunities System	GFE	Government Furnished Equipment
FFP	Firm Fixed Price	GFM	Government Furnished Material
FFW	Failure-Free Warranty	GFP	Government Furnished Property
FM	Field Manual	GIDEP	Government-Industry Data Exchange Program
FMEA	Failure Modes and Effects Analysis	GO	General Officer
FMECA	Failure Modes and Effects Critical Analysis	GOCO	Government Owned, Contractor Operated
FMS	Foreign Military Sales	GOTS	Government Off-the-Shelf
FO	Flag Officer	GPETE	General Purpose Electronic Test Equipment
FOC	Full and Open Competition	GPLR	Government Purpose License Rights

GSA	(i) General Services Administration (ii) General Security Agreement	IDA	Institute for Defense Analyses
GSBCA	General Services Board of Contract Appeals	IDC	Indefinite Delivery Contract
GSE	Ground Support Equipment	IDD	Interface Design Document
HAC	House Appropriations Committee	IDDQ	Indefinite Delivery Definite Quantity
HASC	House Armed Services Committee	IDIQ	Indefinite Delivery Indefinite Quantity
HAZCOM	Hazardous Communication	IE	Industrial Engineer
HAZMAT	Hazardous Material	IEAC	Independent Estimate at Completion
HBCU/MI	Historically Black Colleges and Universities/Minority Institutions	IEP	Informational Exchange Program
HCA	Head of Contracting Activity/Agency	IER	Informational Exchange Requirement
HCC	Hazardous Characteristics Code	IES	Industrial Engineering Standard
HHa	Health Hazard Assessment	IFB	Invitation for Bid
HMC	Hazardous Materiel Code	IG	Inspector General
HNA	Host-Nation Approval	IGCE	Independent Government Cost Estimate
HNS	Host-Nation Support	ILA	Integrated Logistics Assessment
HQ	Headquarters	ILM	Integrated Logistics Management
HIS	Human Systems Integration	ILS	Integrated Logistics Support
HUBZone	Historically Underutilized Business Zone	IM	Item Manager
I-Level	Intermediate Level Maintenance	IMP	Integrated Master Plan
IA	Information Assurance	IMS	Integrated Master Schedule
IAW	In Accordance With	INFOSEC	Information Security
IB	Industrial Base	IO	Information Operations
IBR	Integrated Baseline Review	IOC	Initial Operational Capability
ICA	(i) Independent Cost Analysis (ii) Interface Control Agreement	IOT&E	Initial Operational Test and Evaluation
ICAF	Industrial College of the Armed Forces	IP	Intellectual Property
ICAT	Integrated Cost Analysis Teams	IPA	Independent Program Assessment
ICD	(i) Initial Capabilities Document (ii) Intelligence Community Directive (iii) Interface Control Drawing or Document	IPD	Integrated Product Development
ICE	Independent Cost Estimate	IPE	Industrial Plant Equipment
IOC	Initial Operational Capability	IPL	Integrated Priorities List
ICP	(i) International Cooperative Program (ii) Inventory Control Point	IPMR	Integrated Program Management Report
ICR&D	International Cooperative Research and Development	IPPD	Integrated Product and Process Development
ICS	(i) Integrated Country Strategy (ii) Interim Contractor Support (iii) Inventory of Contracted Services	IPR	(i) In-Process Review (ii) Interim Program Review
ICT	Integrated Concept Team	IPS	Integrated Product Support
ICTO	Interim Certificate to Operate	IPT	Integrated Product Team
ICWG	Interface Control Working Group	IQC	Indefinite Quantity Contract
		IR&D	Independent Research and Development
		IRB	Investment Review Board
		IRR	Internal Rate of Return
		IRS	Interface Requirement Specification

IS	(i) Information System (ii) Initial Spares	JOC	(i) Job Order Contract (ii) Joint Operating Concept (iii) Joint Operations Center
ISD	Integrated System Design	JON	Job Order Number
ISO	International Standards Organization	JOP	Joint Operating Procedures
ISR	(i) Individual Subcontract Report (ii) In-Service Review	JPO	Joint Program Office
ISSA	Inter-Service Support Agreement	JRAC	Joint Rapid Acquisition Cell
ITAR	International Traffic and Arms Regulation	JROC	Joint Requirements Oversight Council
ITEA	Initial Threat Environment Assessment	JSD	Joint Staffing Designator
ITOPS	International Test Operations Procedures	JSPS	Joint Strategic Planning System
ITP	Integrated Test Plan	JSR	Joint Strategic Review
ITWA	Initial Threat Warning Assessment	JTD	Joint Test Director
IUID	Item-Unique Identification	JTE	Joint Test and Evaluation
IV&V	Independent Verification and Validation	JTG	Joint Technical Group
IW	Information Warfare	JTR	Joint Travel Regulation
J&A	Justification and Approval	JWCO	Joint Warfare Capability Objective
JARB	Joint Acquisition Review Board	JWG	Joint Working Group
JC2	Joint Command and Control	JWSTAP	Joint Weapons Safety Technical Advisory Panel
JCA	Joint Capability Area	JWSTP	Joint Warfighting Science and Technology Plan
JCALS	Joint Computer-Aided Acquisition and Logistics Support	K	Contract
JCB	Joint Capabilities Board	KBS	Knowledge-Based Services
JCD	Joint Capabilities Division	KO	Contracting Officer (also CO)
JCDE	Joint Concept Development and Experimentation	KM/DS	Knowledge Management /Decision Support
JCS	Joint Chiefs of Staff	KPI	Key Performance Indicator
JCSP	Joint Strategic Capabilities Plan	KPP	Key Performance Parameter
JCTD	Joint Capability Technology Demonstration	KR/Kr/KTR/Ktr	Contractor
JEDMICS	Joint Engineering Data Management Information Control System	KSA	Key System Attribute
JIEO	Joint Interoperability and Engineering Organization	LA	(i) Legislative Affairs (ii) Legislative Assistant (Congress) (iii) Logistics Assessment
JIC	Joint Integrating Concept	LCC	Life Cycle Cost
JIT	Just-in-Time	LCCE	Life Cycle Cost Estimate
JLB	Joint Logistics Board	LCL	Life Cycle Logistics
JLC	Joint Logistics Commanders	LCM	Life Cycle Management
JMETL	Joint Mission Essential Task List	LCMP	Life Cycle Management Plan
JO	Job Order	LCSP	Life Cycle Sustainment Plan
JOA	(i) Joint Operating Agreement (ii) Joint Operational Architecture (iii) Joint Operations Area	LD	(i) Liquidated Damages (ii) Logistics Demonstration
		LEM	Logistics Element Manager
		LFT&E	Live Fire Test and Evaluation
		LFTP	Live Fire Test Plan



LL	(i) Legislative Liaison (ii) Long Lead	MCLB	Marine Corps Logistics Base
LLI	Long Lead Item	MCTL	Military Critical Technologies List
LLT	Long Lead Time	MCTP	Militarily Critical Technology Program
LM	Logistics Management	MDA	Milestone Decision Authority
LMDP	Life-Cycle Mission Data Plan	MDAP	Major Defense Acquisition Program
LMI	Logistics Management Institute	MDD	Materiel Development Decision
LOA	(i) Letter of Authorization (ii) Letter of Offer and Acceptance	MDEA	Master Data Exchange Agreement
LOB	Line of Balance	MDEB	Missile Defense Executive Board
LOC	(i) Letter of Credit (ii) Line(s) of Code (iii) Lines of Communication	METL	Mission Essential Task List
LOE	Level of Effort	MFHBF	Mean Flight Hours Between Failure
LOG	Logistics	MFIPT	Multi-Functional Integrated Process Team
LOGCAP	(i) Logistics Civil Augmentation Program (ii) Logistics Command Assessment of the Project	MFP	(i) Major Force Program (ii) Materiel Fielding Plan
LOGO	Limitation of Government Obligation	MFR	(i) Manufacturer (ii) Memorandum for Record
LOI	(i) Letter of Instruction (ii) Letter of Intent	MFT	Multi-Functional Team
LORA	Level of Repair Analysis	MIEA	Master Information Exchange Agreement
LPTA	Lowest Price Technically Acceptable	MILCON	Military Construction
LRE	Latest Revised Estimate	MIL-HDBK	Military Handbook
LRIP	Low-Rate Initial Production	MILSCAP	Military Standard Contract Administration Procedure
LRP	Low-Rate Production	MILSPEC	Military Specification
LRRDAP	Long Range Research, Development, and Acquisition Plan	MILSTAMP	Military Standard Transportation and Movement Procedures
LRU	Line Replaceable Unit	MILSTD	Military Standard
LS	Logistics Support	MILSTEP	Military Supply and Transportation Evaluation Procedures
M&O	Maintenance and Overhaul	MILSTRIP	Military Standard Requisitioning and Issue Procedures
M&P	Manpower and Personnel	MLA	(i) Manufacturing License Agreement (ii) Military Liaison Assistant
M&S	Modeling and Simulation	MLDT	Mean Logistics Delay Time
MAAG	Military Assistance Advisory Group	MMAS	Material Management and Accounting System
MACOM	Major Command	MMI	Man-Machine Interface
MAGTF	Marine Air-Ground Task Force	MMT	Mean Maintenance Time
MAJCOM	Major Command	MNS	Mission Needs Statement
MANTECH	Manufacturing Technology	MOA	Memorandum of Agreement
MAP	Military Assistance Program	MOD	(i) Ministry of Defense (ii) Modification
MAR	(i) Management Assessment Review (ii) Monthly Activity Report	MOE	Measure of Effectiveness
MATE	Modular Automatic Test Equipment	MOP	Measure of Performance
MBI	Major Budget Issue	MOR	Military Operational Requirement
MCC	(i) Materiel Category Code (ii) Material Condition Code		

MOT&E	Multi-Service Operational Test and Evaluation	NDI	Non-Developmental Item
MOU	Memorandum of Understanding	NDP	(i) National Defense Panel (ii) National Disclosure Policy
MR	Management Reserve	NDS	National Defense Strategy
MRA	Manufacturing Readiness Assessment	NEPA	National Environmental Policy Act
MRL	Manufacturing Readiness Level	NGB	National Guard Bureau
MRO	Maintenance, Repair, and Overhaul	NIB	National Industries for the Blind
MRSP	Mission Readiness Spares	NISPOM	National Industrial Security Program Operating Manual
MS	Milestone	NIST	National Institute of Standards and Technology
MSA	Materiel Solution Analysis	NMCARS	Navy & Marine Corps Acquisition Regulation Supplement
MSC	(i) Major Subordinate Command (ii) Military Sealift Command	NMS	National Military Strategy
MSD	Material Support Date	NOI	Notice of Intent
MSDS	Material Safety Data Sheet	NOSC	Network Operations and Security Center
MSFD	Multi-Service Force Deployment	NPS	Naval Postgraduate School
MT	Manufacturing Technology	NPV	Net Present Value
MTBF	Mean Time Between Failure	NRC	Non-Recurring Costs
MTBM	Mean Time Between Maintenance	NRL	Naval Research Laboratory
MTTR	Mean Time to Repair	NRO	National Reconnaissance Office
MYP	Multiyear Procurement	NSA	(i) National Security Agency (ii) NATO Standardization Agency
NAC	(i) Naval Avionics Center (ii) North Atlantic Council	NSC	National Security Council
NAD	National Armaments Director	NSDM	National Security Decision Memorandum
NADEX	NATO Data Exchange	NSN	National Stock Number
NAE	Navy Acquisition Executive	NSO	NATO Standardization Organization
NAF	(i) Naval Air Facility (ii) Non-Appropriated Fund (iii) Numbered Air Force	NSS	(i) National Security Strategy (ii) National Security System
NAFI	Navy-Air Force Interface	NTE	Not to Exceed
NAICS	North American Industry Class System	NULO	Negative Unliquidated Obligation
NAS	National Aerospace Standard	NWC	(i) National War College (ii) Navy War College (iii) Nuclear Weapons Center (iv) Nuclear Weapons Council
NASA	National Aeronautics and Space Administration	NWSC	Naval Weapons Support Center
NATO	North Atlantic Treaty Organization	O&A	Over and Above
NAVAIR	Naval Air Systems Command	O&M	Operations and Maintenance
NAVFAC	Naval Facilities Engineering Command	O&S	Operations and Support
NAVICP	Naval Inventory Control Point	OA	(i) Obligation Authority (ii) Operational Assessment
NAVSEA	Naval Sea Systems Command	OASD	Office of the Assistant Secretary of Defense
NAVSUP	Naval Supply Systems Command	OB	Operating Budget
NCA	National Command Authority		
NCAGE	NATO Commercial and Government Entity Code		
NDA	Non-disclosure Agreement		
NDAA	National Defense Authorization Act		

OBE	Overcome by Events	PA	(i) Product Assurance
OCA	Original Classification Authority		(ii) Partnering Agreement
OCD	Operational Concept Document		(iii) Preparing Activity
OCI	(i) Observable Critical Item		(iv) Preparing Authority
	(ii) Organization Conflict of Interest		(v) Project Agreement
OCR	(i) Office of Collateral Responsibility		(vi) Project Annex
	(ii) Optical Character Recognition		(vii) Project Arrangement
ODC	(i) Other Direct Costs	PA&E	Program Analysis and Evaluation
	(ii) Ozone Depleting Chemical	P&L	Profit and Loss
ODS	Ozone Depleting Substance	PAC	Production Acquisition Cost
OE	Operational Effectiveness	PACAF	Pacific Air Forces
OEM	Original Equipment Manufacturer	PARCA	Program Assessment and Root Cause Analysis
OFAC	Office of Foreign Asset Control	PAT	Process Action Team
OFPP	Office of Federal Procurement Policy	PAT&E	Production Acceptance Test and Evaluation
OF	Optional Form		
OGC	Office of the General Counsel	PAUC	Program Acquisition Unit Cost
OIPT	Overarching Integrated Product Team	PBA	(i) Performance-Based Acquisition
OJT	On-the-Job Training		(ii) Performance-Based Agreement
OMB	Office of Management and Budget	PBC	Performance-Based Contracting
ONR	Office of Naval Research	PBL	Performance-Based Logistics
OPEVAL	Operational Evaluation	PBR	Program Budget Review
OPM	Office of Personnel Management	PBSA	Performance-Based Services Acquisition
OPR	Office of Primary Responsibility	PBWS	Performance-Based Work Statement
OPSEC	Operations Security	PCA	(i) Physical Configuration Audit
ORLA	Optimum Repair Level Analysis		(ii) Pre-Certification Authority
OS	Operational Suitability	P-CDRA	Post-Critical Design Review Assessment
OSD	Office of the Secretary of Defense	PCO	Procuring Contracting Officer
OT	(i) Operational Test	PCR	(i) Procurement Center Representative
	(ii) Operational Testing		(ii) Program Change Request
OT&E	Operational Test and Evaluation	PD	Program Director
OTA	Operational Test Agency	PDM	(i) Periodic Depot Maintenance
OTP	Operational Test Plan		(ii) Program Decision Memorandum
OTRR	Operational Test Readiness Review	PDP	(i) Procurement Data Package
OUSD	Office of the Under Secretary of Defense		(ii) Program Development Plan
		PDR	(i) Post-Deployment Review
OUSD(AT&L)	Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics)		(ii) Preliminary Design Review
			(iii) Program Deviation Report
		PE	(i) Planning Estimate
P&A	Price and Availability		(ii) Procurement Executive
			(iii) Program Element
P&D	Production and Deployment	PEM	Program Element Monitor
P/B	Program/Budget	PEO	Program Executive Officer
P <sup>3</sup> I	Preplanned Product Improvement	PEP	Producibility Engineering and Planning
		PGI	Procedures, Guidance, and Information
		PHA	Preliminary Hazard Analysis

PHL	Preliminary Hazard List	PRS	Performance Requirement Summary
PHST	Packing, Handling, Storage, and Transportation	PS	Product Support
PI	(i) Product Improvement (ii) Program Integrator	PSA	Product Support Arrangement
PL	Public Law	PSBM	Product Support Business Model
PLT	(i) Procurement Lead Time (ii) Production Lead Time	PSC	Product Service Code
PM	(i) Product Manager (ii) Program Manager (iii) Project Manager	PSCM	(i) Portfolio-Specific Commodity Manager (ii) Purchasing and Supply Chain Management
PMB	Performance Management Baseline	PSE	Peculiar Support Equipment
PMD	(i) Program Management Directive (ii) Program Management Document	PSFD	Production Sustainment and Follow-On Development
PMO	Program Management Office	PSI	Product Support Integrator
PMP	Program Management Plan	PSM	Product Support Manager
PMR	Program Management Review	PSP	(i) Product Support Package (ii) Product Support Provider
PNM	Price Negotiation Memorandum	PSS	Product Support Strategy
PO	(i) Program Office (ii) Project Order (iii) Purchase Order (iv) Purchasing Office	PTAP	Procurement Technical Assistance Program
POA&M	Plan of Actions and Milestones	PTTI	Precise Time and Time Interval
POC	Point of Contact	PUC	Procurement Unit Cost
POE	Program Office Estimate	PWBS	Program Work Breakdown Structure
POM	Program Object Memorandum	PWS	Performance Work Statement
POP	Period of Performance	PY	Prior Year
PoPS	Probability of Program Success	QA	Quality Assurance
POR	Program of Record	QAE	Quality Assurance Evaluator
PPBE	Planning, Programming, Budgeting, and Execution	QAP	Quality Assurance Plan
PPI	Past Performance Information	QAR	Quality Assurance Representative
PPIRS	Past Performance Information Retrieval System	QASP	Quality Assurance Surveillance Plan
PPL	Provisional Parts List	QBL	Qualified Bidders List
PPP	(i) Program Protection Plan (ii) Public-Private Partnership (iii) Public-Private Partnering	QC	Quality Control
PPQT	Pre-Production Qualification Test	QDR	(i) Quadrennial Defense Report (ii) Quadrennial Defense Review
PPS	(i) Post-Production Support (ii) Precision Positioning Service	QFD	Quality Function Deployment
PPSP	Post-Production Support Plan	QML	Qualified Manufacturers List
PQT	Production Qualification Test	QPL	Qualified Parts List
PR	(i) Procurement Request (ii) Purchase Request	QT	Qualification Test
PRAT	Production Reliability Acceptance Test	R&D	Research and Development
PRR	Production Readiness Review	R&M	Reliability and Maintainability
		R <sub>M</sub>	Materiel Reliability
		RAA	Rapid Acquisition Authority
		RAD	(i) Request for Authority to Develop (ii) Required Availability Date (iii) Resource Allocation Display

RAM	(i) Regional Audit Manager (ii) Reliability, Availability, and Maintainability	SAIP	Spares Acquisition Integrated with Production
RAM-C	Reliability, Availability, and Maintainability Cost	SAM	US Government System for Award Management
RAP	Resource Allocation Process	SAP	(i) Simplified Acquisitions Procedures (ii) Special Access Program
RDT&E	Research, Development, Test, and Evaluation	SAR	(i) Safety Assessment Report (ii) Selected Acquisition Report (iii) Special Access Required
RDP	Requirements Definition Package	SASC	Senate Armed Services Committee
RFA	Request for Final Approval	SAT	(i) Security Assistance Team (ii) Simplified Acquisition Threshold
RFB	Request for Bid	SATCOM	Satellite Communications
RFI	(i) Ready for Issue (ii) Request for Information	SBA	Small Business Administration
RFID	Radio Frequency Identification	SBC	(i) Senate Budget Committee (ii) Small Business Concern
RFP	Request for Proposal	SBE	Single Best Estimate
RFQ	Request for Quotation	SBIR	Small Business Innovation Research (Program)
RIO	Risk, Issue, and Opportunity	SBIRS	Space Based Infrared Systems
RM	Requirements Manager	SBLO	Small Business Liaison Officer
RMB	Risk Management Board	SBP	Small Business Plan
RMD	Resource Management Decision	SBS	Small Business Specialist
RMF	Risk Management Framework	SBTT	Small Business Technology Transfer
RMP	Risk Management Plan	SC&MPD	System Capability and Manufacturing Process Demonstration
RO	Requirements Officer	SCA	Service Contract Act
ROD	Record of Decision	SCBCA	Small Claims Board of Contract Appeals
ROI	Return on Investment	SCG	Security Classification Guide
ROM	Rough Order of Magnitude	SCI	(i) Sensitive Compartmented Information (ii) Software Configuration Item
RRC	Requirements Review Council	SCM	Supply Chain Management
RRM	Risk Reporting Matrix	SCN	Specification Change Notice
RS	Replenishment Spares	SCRM	Supply Chain Risk Management
RSI	Rationalization, Standardization, and Interoperability	SD	Spiral Development
RTO	Responsible Test Organization	SDB	Small Disadvantaged Business
RTP	Request for Technical Proposal	SDD	System Development and Demonstration
S&T	Science and Technology	SDO	Senior Defense Official
S-CAT	Service Acquisition Category	SDR	(i) Software Design Review (ii) Supply Discrepancy Report (iii) System Design Review
SA	(i) Secretary of the Army (ii) Supportability Analysis (iii) System Analysis	SDVOSB	Service Disabled Veteran Owned Small Business
SAC	(i) Senate Appropriations Committee (ii) Strategic Airlift Capability	SE	(i) Support Equipment (ii) Systems Engineering
SAE	Service Acquisition Executive		
SAF	Secretary of the Air Force		
SAG	Study Advisory Group		
SAIE	Special Acceptance and Inspection Equipment		

SECDEF	Secretary of Defense	SRD	(i) Software Requirements Document (ii) System Requirements Document
SECNAV	Secretary of the Navy	SRO	System Readiness Objective
SEI	Software Engineering Institute	SRR	System Requirements Review
SEMP	Systems Engineering Management Plan	SRRB	System Requirements Review Board
SEP	Systems Engineering Plan	SRU	(i) Shop Replaceable Unit (ii) Subassembly Repairable Unit
SES	Senior Executive Service	SS	System Survivability
SETA	Systems Engineering and Technical Assistance	SSE	System Security Engineering
SF	Standard Form	SSEB	Source Selection Evaluation Board
SFD	Sustainment and Follow-On Development	SSET	Source Selection Evaluation Team
SFR	System Functional Review	SSG	Special Study Group
SHA	System Hazard Analysis	SSHA	Subsystem Hazard Analysis
SIA	Special Interest Area	SSM	Senior Services Manager
SIC	(i) Standard Industrial Classification (ii) Standard Industrial Code	SSOI	Summary Statement of Intent
SIM	Serialized Item Management	SSP	Source Selection Plan
SLEP	Service Life Extension Program	SSR	Summary Subcontract Report
SLRG	Senior Leader Review Group	SSS	System/Subsystem Specification
SMC	Space and Missile Center	SSWG	System Safety Working Group
SME	(i) Significant Military Equipment (ii) Subject Matter Expert	SST	Source Selection Team
SMIP	Spares Management Improvement Program	ST	Special Tooling
SML	Sustainability Maturity Levels	STA	System Threat Assessment
SNT	Serial Number Tracking	STA&P	System Threat Assessment and Projections
SOC	(i) Solutions Order Contract (ii) System Operational Concept	STAR	System Threat Assessment Report
SOCOM	Special Operations Command	STD	Standard
SOF	Special Operations Forces	STE	Special Test Equipment
SOFA	Status of Forces Agreement	STEP	Simulation, Test, and Evaluation Process
SOO	Statement of Objectives	STO	Science and Technology Organization
SOP	Standard Operating Procedure	SV	Schedule Variance
SoS	System of Systems	SVR	System Verification Review
SOW	Statement of Work	T&E	Test and Evaluation
SPAWAR	Space and Naval Warfare Systems Command	T&M	Time and Materials
SPC	Statistical Process Control	T4C	Termination for Convenience
SPD	System Program Director	T4D	Termination for Default
SPE	Senior Procurement Executive	TA	Technical Authority
SPEC	Specification	TAA	Technical Assistance Agreement
SPM	System Program Manager	TAB	Target Allocated Budget
SPO	System Program Office	TACOM	U.S. Army Tank Automotive Command
SRA	Shop Replaceable Assembly	TAD	Technology Area Descriptions
		TADSS	Training Aids, Devices, Simulations, and Simulators

TAMD	Theater, Air, and Missile Defense	TPWG	Test Planning Working Group
TAT	Turn-Around Time	TQM	Total Quality Management
TAV	Total Asset visibility	TRA	Technology Readiness Assessment
TBD	To Be Determined	TRACE	Total Risk Assessing Cost Estimate
TBIM	Trigger-Based Item Management	TRD	Technical Requirements Document
TC	Type Classification	TRI	Toxic Release Inventory
TCN	Transportation Control Number	TRL	Technology Readiness Level
TCO	Terminating Contracting Officer	TRM	Technical Reference Model
TCSC	Technological Cooperation Sub-Committee	TRR	Test Readiness Review
TD	(i) Technical Data (ii) Technical Director (iii) Test Director	TS&FD	Technology Security and Foreign Disclosure
TDP	(i) Technical Data Package (ii) Test Design Plan	TSIR	Total System Integration Responsibility
TDR	Technical Data Rights	TSO	Technology Security Organization
TDS	Technology Development Strategy	TSPR	Total System Performance Responsibility
T&E	Test and Evaluation	TTP	Technology Transition Plan
TE	Test Equipment	TY	Then Year
TECHEVAL	Technical Evaluation	UAS	Unmanned Aerial System
TECHMOD	Technology Modernization	UAV	Unmanned Aerial Vehicle
TEMP	Test and Evaluation Master Plan	UCA	Undefinitized Contract Action
TES	Test and Evaluation Strategy	UCC	(i) Unified Combatant Command (ii) Uniform Commercial Code
TFC	Termination for Convenience	UCF	Uniform Contract Format
TFD	Termination for Default	UCR	Unit Cost Report
TIM	Technical Interchange Meeting	UE	Unit Equipment
TINA	Truth in Negotiations Act	UFC	Uniform Freight Classification Code
TIWG	Test Integration Working Group	UGV	Unmanned Ground Vehicle
TL	Termination Liability	UI	Unit of Issue
TLCSM	Total Life Cycle Systems Management	UID	Unique Identification
TM	(i) Technical Management (ii) Technical Manual	UII	Unique Item Identifier
TMDE	Test, Measurement, and Diagnostic Equipment	UJT	Universal Joint Task
TMP	Technical Management Plan	UJTL	Universal Joint Task List
TMRR	Technology Maturation and Risk Reduction	UON	Urgent Operational Need
TO	Technical Order	UPC	Underutilized Plant Capacity
TOA	(i) Table of Allowance (ii) Total Obligation Authority	UPS	Uniform Procurement System
TOC	Total Ownership Cost	USA	(i) United States Army (ii) Undersecretary of the Army
TPM	Technical Performance Measurement	USAF	United States Air Force
TPO	Technical Project Officer	USCG	United States Coast Guard
TPS	(i) Test Package Set (ii) Test Program Set	USC	United States Code
		USD	Under Secretary of Defense
		USG	United States Government
		USMC	United States Marine Corps

USML	United States Munitions List
USN	United States Navy
VAT	Value Added Tax
VATEP	Value Adjusted Total Evaluated Price
VC	Variable Cost
VE	Value Engineering
VECP	Value Engineering Change Proposal
V&V	Verification and Validation
VV&A	Verification, Validation and Accreditation
VC	Variable Cost
VDD	Version Description Document
VE	Value Engineering
VECP	Value Engineering Change Proposal
VOC	Volatile Organic Compound
VOSB	Veteran Owned Small Business
WAWF	Wide Area Workflow
WBS	Work Breakdown Structure
WCF	Working Capital Fund
WGL	Weighted Guidelines
WIP	(i) Work in Place (ii) Work in Process
WOSB	Women Owned Small Business
WP	Work Package
WPI	Wholesale Price Index
WRA	Weapon Replacement Assembly
WRM	War Reserve Materials
WSARA	Weapon Systems Acquisition Reform Act
WSMP	Weapon System Master Plan