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KL CONTRACT CONSULTING LLP

Cost Accounting Practices - Processing Changes

Contractors are required to follow disclosed and established cost accounting practices consistently or be subject to non-compliance penalties. Changes to cost accounting practices under the Cost Accounting Standards (CAS) occur in two ways: (1) when a new standard is promulgated by the CAS Board or required by legislation, and (2) after becoming subject to and complying with CAS, the business unit changes its cost accounting practices.

Objective Evaluate the impact of proposed changes, and/or implement necessary changes for compliance, preparation of cost impact proposals, and revision of the CAS Disclosure Statement.

Approach Evaluate the proposed change through discussions with client personnel and examination of cost data, records, and regulations.

Review the change in light of current CAS applicability and Disclosure Statement provisions.

Determine contract-by-contract effect and potential price impact resulting from implementation of changes to cost accounting practices.

Output Report of issues and alternatives, including advantages, disadvantages, and recommendations.

Benefits Select optimum cost accounting practices to enhance allowable cost recovery over the long term.

Reduce financial impact of CAS-imposed changes.

Reduce implementation cost of changes.

Assure compliance with the regulatory requirement for notification of cost accounting changes.

Obtain independently reviewed cost impact statement for submission to the Government.

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