

## The CAS Board Has Gone Missing

Written by Nick Sanders  
Monday, 30 March 2015 08:47

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Some of the most difficult compliance requirements in government contract cost accounting are found in the Cost Accounting Standards (CAS). The CAS not only include 19 individual Standards but also include specific regulations, implemented by contract clauses. Moreover, many of the Standards are invoked by the FAR Part 31 Cost Principles, such that in order for costs to be allowable, the contractor must have accounted for them in accordance with the applicable Standard.

CAS is a big deal. It is an onerous set of requirements, requirements that are both difficult to understand and difficult to implement well. In theory, CAS compliance is reserved for the largest of government contractors, since a “trigger contract” valued at a minimum of \$7.5 million must be awarded before CAS kicks-in. In addition, contractors that qualify as small businesses are, by regulation, exempt from CAS. However, as noted above the Cost Principles invoke CAS compliance as a condition of allowability, so a contractor of any size that has a cost-type contract must contend with some aspects of CAS.

Further, DCAA (and by extension DCMA) tends to take a “conservative” approach to contract valuation, leading to situations where award of an ID/IQ contract with a high-dollar ceiling may be sufficient to trigger CAS. (We wrote about the valuation of ID/IQ-type contracts [here](#).)

Given the importance of CAS to government contractors, you’d think that the governance group that oversees the CAS regulations would be active, seeking to address contractor concerns with the complex and onerous rules. You would be wrong.

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We visited the [CAS site](#) recently and we were dismayed at what we found.

The first thing we noticed is that you can't find the CAS site on the front page of the OFPP website. The Office of Federal Procurement Policy is the group that manages the CAS Board; the OFPP Administrator is Chair of the CAS Board. But OFPP's lack of focus on CAS matters is evidenced by the fact that there is no link on the OFPP site that mentions CAS. Instead, you need to click on "Policy Information by Topical Areas" in order to find a link to the CAS site.

When you get to the CAS site, you get to see the current members of the CAS Board. According to the CAS site (as of 3/29/2015), members of the CAS Board include:

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Joseph Jordan, Chair

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Patrick Fitzgerald, DCAA

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Laurie Schmidgall, Boeing

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Kathleen Turco, GSA

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Richard Wall, former Partner, Ernst & Young

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The foregoing list of members is obviously out of date. Joe Jordan [resigned](#) from OFPP in December of 2013, nearly 18 months ago. His replacement, Ms. Anne Rung, was confirmed in December of 2014—a full 90 days ago. Yet there is no mention of Ms. Rung as the new CAS Board Chair to be found on the CAS site.

Patrick Fitzgerald left DCAA in August of 2014, nearly nine month ago. His replacement, Ms. Anita Bales, was named shortly thereafter. Yet there is no mention of Ms. Bales as the new DCAA representative to the CAS Board to be found on the CAS site.

Kathleen Turco left GSA in May, 2013. She now works at the Veteran's Administration. There is no indication who replaced her as GSA representative to the CAS Board.

If three out of five CAS Board members are wrong, and the list of CAS Board members has been wrong for many months, what does that say about the importance of the CAS Board to the OFPP and to the Obama Administration?

Similarly, the list of CAS Board meetings indicates that the last meeting took place in October, 2011. According to the official CAS site, the CAS Board has not met in nearly 4 years.

According to the CAS site, the last time the CAS Board issued a Federal Register notice was in July, 2013, when they called for public input into potential revisions to CAS 413. Indeed, the site indicates that public input was received on that issue. The site does not indicate what was done with that input.

This could all be the result of a lack of updating, we presume. Maybe there are no funds to pay a contractor to take 15 minutes and post recent meeting minutes or to take another 15 minutes to update the list of CAS Board members. That's certainly a possibility.

Yet websites get updated all the time. The OFPP website gets updated frequently, Ms. Rung is certainly active, as we've [noted](#) before. Ms. Bales is certainly active and the DCAA website has published new MRDs since her ascension to Directorship (though to be candid we wish the DCAA website would be updated more frequently than it is). So even if the root cause of

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lack of currency is an inability to update the website, that inability would seem to be itself a symptom of a lack of focus on the CAS Board.

And that's our thing in this article. The CAS Board needs to be active. The CAS Board needs to be soliciting input. There are real challenges that need to be addressed. For instance, we need a definition of "increased costs in the aggregate" and we need to know whether the CAS Board accepts that the FAR Council took on the role of defining CAS rules, regulations and terms with respect to the 2005 revisions to FAR Part 30.6 and related CAS clauses. Does the CAS Board agree that [concurrent changes](#) in cost accounting practice must be calculated independently, without any offsets?

We need a workable approach to determining the value of an ID/IQ-type contract for CAS purposes. We need to take a look at the \$700,000 floor for CAS coverage to see whether imposing the CAS requirements on such tiny contracts is in the best interests of the taxpayers.

There are a lot of things the CAS Board could be doing, but we're not hearing about any of it, nor does the CAS site indicate that anything is happening. And that's a real problem, in our view.

The other side of the coin, of course, is that maybe we shouldn't want an active CAS Board. Maybe we should let the sleeping dogs lie where they are asleep, because the last time the CAS Board got active we got some [disturbing results](#). Indeed, there is a strong position that is based on the notion that anytime the CAS Board does anything, it results in bad news for contractors. Under that theory, we should be careful what we ask for, because we may just get it.

If what you want is a do-nothing CAS Board Chaired by an OFPP Administrator whose focus is elsewhere, you should be very happy with the status quo. Because that's exactly what it looks like to us.