

CAS Board Struggles

Written by Nick Sanders
Thursday, 06 September 2018 00:00

We've written several articles about the CAS Board and how it's struggled for relevance over the past decade or so. In fact, if you Google "CAS Board" some of our articles show up. That's a telling result. Not only does it indicate that our articles on the topic are of interest but—more importantly—it clearly demonstrates the paucity of actual links to anything the CAS Board might be doing in the shadows of the Old Executive Office Building.

As we've documented, the Trump Administration took down the CAS Board site and replaced it with ... *nothing*. Although the CAS Board has uploaded a couple of items to the White House site, you almost have to stumble upon them.

For example, [a list](#) of the current members of the CAS Board was uploaded in November, 2017. You would only know this if you did a Google (or similar) search for it.

Another November, 2017, [upload](#) was a Federal Register notice that the Disclosure Statement (CASB Form DS-1) was being revised. It was a 1996 notice. We have no idea why it was deemed so important that it merited an upload.

A more recent upload dates from April, 2018. It is the [planned agenda](#) for CAS Board Meeting No. 76. It indicates that the Board plans to hear from members of the Section 809 Panel's CAS Team 9, addressing the topic "Modernizing CAS"—followed by "CAS Board Recap & Discussion."

The upload of the [meeting agenda](#) for Meeting No. 74 (held February, 2018) has much more content. It includes topic such as "the applicability of commercial standards to CAS," and "CAS applicability and coverage thresholds" to both ID/IQ and hybrid contracts.

The meeting agenda for Meeting No. 75 shows that there is a new member—Yvonne Hinson, CPA, CGMA, Ph.D. You wouldn't know that if you went by the official list of Board members (link above), but you'd know it if you Googled each meeting, trying to figure out what in tarnation the CAS Board is actually trying to accomplish.

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For the record, we were unable to locate any agenda from any “Meeting No. 77,” so perhaps the agenda has not yet been uploaded.

Based on the foregoing, it’s clear that that the CAS Board is meeting and is having discussions. However, since no meeting minutes have been published, it’s difficult to see if the Board is making any progress. The situation is opaque in the extreme.

On the other hand, information is leaking out via other—quite unofficial—means. The industry associations seem to have some insight into the issues with which the CAS Board is struggling. As we noted in a recent article, the CAS Board has been charged with converging CAS and GAAP. Our perception is that the effort isn’t going very well.

In fact, the July, 2018, issue of Government Contract Costs, Pricing & Accounting Report (Vol. 13, Issue 4), printed in full the letter of resignation from long-time CAS Board Staff member Eric Shipley, who has been with the CAS Board since 1994. The letter of resignation was respectful, but pointed. It was clear that Mr. Shipley had a difference of opinion with current CAS Board leadership.

For example, he wrote: “... under current CAS Board leadership, presenting an analysis of all **public comments**

or even merely communicating alternative viewpoints and approaches appears not to be welcome. I find it almost inconceivable that the OFPP staff believes a full presentation and discussion of public comments is apparently beyond the CAS Board’s interest.” (Emphasis in original.)

Mr. Shipley also seemed to plead with the Board to slow things down. He wrote, “I urge the Board to instruct the Work Group to focus on the issue identified by the public and keep the scope of the rules limited. I also urge the Board to ... develop an ANPRM [advanced notice of proposed rulemaking], and not to focus on a stand-alone Staff Discussion Paper that is not needed.” With respect to timing, he wrote “Even taking these actions, I would not expect an ANPRM to be drafted, reviewed by OMB, processed by OIRA and prepared for publication in the *Federal Register* before 2019.” [Ed. Note: We may have misinterpreted his comment; he may have been asking for the Board to speed things up. In which case, YES.]

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(Readers may note that we think the CAS Board is moving sufficiently slowly already. We compared their rulemaking speed to “molasses flowing over ice at the North Pole.”)

There was more to it, of course. The resignation letter ran about 10 paragraphs.

The resignation letter is an indication of tension between the Board and its Staff. As noted above, the Board has a mission to try to converge CAS and GAAP accounting practices. It is clear that Mr. Shipley, at least, did not support that mission. (He wrote, “There is a current case which seems to favor GAAP over the CAS although each set of standards serve a unique purpose.”)

But nobody would know any of this from the CAS Board itself. There is no coherent messaging, no overall communication strategy. Part of this obviously stems from the Trump Administration’s focus on things other than CAS (or even reform of CAS administration). But we suspect that the remainder of the gap comes from a loss of focus on transparency. Which is a shame.