

Government Contract Cost Accounting Experience

Written by Administrator

Wednesday, 24 June 2009 00:00 - Last Updated Thursday, 24 September 2009 12:15

- Collaborated in post-acquisition integration teams executing the merger of two Government contractors, including assessing business processes and controls, calculating post-merger indirect cost rates, planning contract novations, and developing systems, policies, and procedures
- Assisted DARPA/Air Force 1st tier subcontractor with preparation of a multi-million dollar Termination for Convenience settlement proposal, including settlement with suppliers and analysis of \$2 million in capital expenditures; also recommended strategy for handling multi-million dollar "investment" (planned contract loss) as well as unplanned contract loss that resulted in significantly more recovery of costs than management had forecasted.
- For a bio-pharmaceutical manufacturer, developed a Finance/Accounting Policy Manual, a Procurement Manual, and policies and procedures related to estimating and cost proposal preparation. Also assessed overall accounting environment and related internal controls in preparation for upcoming DCAA audit.
- Assessed contract administration processes and controls for a multi-billion dollar service provider, including recommending process improvements related to proposal preparation, records management/retention, accounting for vendor volume discounts, compliance with contract terms and conditions, and calculation of indirect cost rates for annual submission to Federal Government.
- Assisted a Hurricane Katrina relief contractor in preparing its first Final Indirect Cost Rate Proposal, including consolidation of General Ledger account data from multiple geographic locations (including New Orleans). Developed statistical sampling and projection methodology in compliance with recently revised FAR 31.201-6 requirements.
- For a fully CAS-covered aerospace/defense manufacturer, successfully led the process to obtain Government approval for fifteen simultaneous organizational and cost accounting practice changes. The effort included assessing planned changes in coordination with external Counsel, developing indirect rates (both pre- and post-change), calculating cost impacts, and revising CASB Disclosure Statements.
- Assisted a multi-billion dollar Department of Energy contractor with transition to cost-plus, CAS-covered environment, including identification of unallowable costs; compliance with FAR, CAS and TINA; preparation of indirect cost rates; and submission of initial Final Indirect Cost Rate proposal. Developed position papers for contentious issues related to restructuring costs, including accounting for mass severance and asset impairments.
- Participated in a team providing support to an independent Federal Commission in revising its labor recording and cost allocation methodology used to account for various key programs/initiatives. Resulting methodology and calculations were accepted by the Commission Inspector General and were used in preparation of Commission Financial Statements.
- For a service provider to the Department of Homeland Security, led a project to support the entity's receipt of a \$600 million, fully CAS-covered CPAF contract (its first significant Federal contract), including development of indirect cost structure and calculating of indirect cost rates, submission of initial CASB Disclosure Statement, and generation of policies and procedures to aid in contract compliance.
- For a bio-pharmaceutical manufacturer (supporting Project BioShield for the Centers of Disease Control and Prevention), led a project to support transition from Fixed-Price to Cost-Reimbursable contracting, including assessment of business practices, development of

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indirect cost structure and calculation of indirect cost rates, preparation of cost proposals and pricing of equitable adjustments in compliance with TINA and FAR requirements, and generation of policies and procedures to aid in contract compliance (Estimating, Purchasing, Socioeconomic Reporting, Billing).

- For a provider of security services to the Iraqi Coalition Provisional Authority and Iraqi Reconstruction prime contractors, developed initial compliance strategy to support increased Federal oversight.

- For a fully CAS-covered global Engineering & IT Services provider, led the process to create a separate International Segment with unique practices to support work in Southwest Asia and elsewhere; effort included development of policies and procedures, submission of CASB Disclosure Statements, and preparation of cost impact analysis/proposal.

- Led CAS 410 compliance assessment for multi-billion dollar division of a multi-national Engineering & Construction entity. Conducted Ford Aerospace analysis to determine appropriate G&A expense pool allocation base.

- Led the effort to prepare indirect cost rates for subsidiary of a multi-billion dollar global Engineering & Construction entity related to that subsidiary's first cost reimbursement work for the Federal government. The entity was supporting FEMA in a contingency contracting environment (Hurricane Katrina recovery). The effort included forensic accounting reconstruction of accounting records damaged or destroyed during the hurricane.

- Participated in supporting investigations of alleged False Claims Act violations and defective pricing allegations. Primary liaison with DCAA and Naval Criminal Investigative Service (NCIS)..

Supported contract compliance-related hotline investigations under direction of internal Counsel for a multi-billion dollar Engineering/Construction contractor.

- Participated in a team providing expert testimony for the General Electric Company's CAS 413 pension case before the U.S. Court of Federal Claims, in which GE's position was upheld in the Court's decision and sustained in all particulars in the subsequent appellate Court decision. (Teledyne, 50 Fed. Cl. 155 (2001) and Allegheny Teledyne v. US, 316 F.3d 1366 (Fed. Cir. 2003)).

- Under direction of external counsel, led the investigation into Government contract cost accounting practices and business controls of a \$150 million Navy equipment manufacturer, including review of alleged TINA violations and indirect rate calculation errors.

- Under director of internal and external counsel, led team in support of aviation maintenance contractor's Department of Defense Voluntary Disclosure investigation, which included a forensic accounting analysis of \$50 million in billings, review of internal controls, and assessment of accounting transactions for compliance with applicable statutes, regulations, and contract terms and conditions. Efforts included calculation of Government's loss (quantum), briefing corporate management, and briefings to Army CIC, DCAA investigators, and DoJ attorneys. Project resulted in an acceptable settlement for contractor and allegations of several criminal felonies for Contracting Officer's Technical Representative (COTR).

- Co-author, "Accounting, Cost and Pricing Issues in Strategic Alliances and Teaming" (Strategic Alliances and Teaming: Winning Combinations for the Next Century, American Bar Association, Section of Public Contract Law, 2000)

- Author, "DCAA Access to Sarbanes-Oxley Working Papers: Does Financial Transparency Mean an Open-Door Policy" (privately published for PwC clients)

- Author, "An Update on Performance-Based Payments" (Contract Management, May 2006)

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- Author, "Performance-Based Payments: FASA's Step-Child Grows Up" (Contract Management Dec. 2005)
- Author, "Recent Changes to FAR and CAS Affecting Government Contract Costs" (Contract Management August 2005)
- Author, "Recent Changes to FAR and CAS: Affects on Government Contract Cost Accounting" (Contract Management, May 2004)
- Author, "Determining Final Costs When a Contractor Fails to Submit its Annual Indirect Cost Rate Proposal: A Proposed Alternative to the DCAA/DCMA Approach" (Federal Contracts Report, Vol. 78, No. 20)
- Co-Author, "Renewed Focus on Earned Value Management" (Thomson-West 2007 Government Contracts Year-in-Review Conference)
- Author, "Program Performance Measurement" (PwC). Published on "Where in Federal Contracting" website (www.wifcon.com).
- Author, "Surviving Government Audits: Have the Rules of Engagement Changed?" published in Thomson-West's Government Contract Costs, Pricing and Accounting Report (March 2009)
- Member, Advisory Board, Thomson-West's Government Contract Costs, Pricing and Accounting Report
- Instructor, "Activity Based Accounting," Federal Publication Seminars
- Instructor, "Government Contract Costs," Federal Publication Seminars
- Co-instructor, "Masters Institute in Government Contract Costs," Federal Publication Seminars (2000 and 2008)
- Co-instructor, "Cost Accounting Standards," Federal Publication Seminars
- Instructor, ESI International/George Washington University Masters Certificate Program in Government Contracts "Understanding the Cost Accounting Standards"
- Instructor, "Government Contract Accounting," University of California, Los Angeles (Extension), 1995-1997
- Instructor, "Overview of the FAR," University of California, Los Angeles (Extension)
- Presentation to NCMA/AGA San Diego Chapters, 2008, "Risk Management for T&M Contract Types: Addressing Regulatory and Subcontractor Issues"
- Presentation at 2006 NCMA A&D Conference "Navigating the Cost Impact Process: The New FAR Part 30"
- Presentation at NCMA 2005 World Congress, "Recent Changes to FAR and CAS Affecting Government Contract Cost Accounting"
- Presentation at NCMA 2005 World Congress, "Performance-Based Payments: FASA's Step-child Grows Up"
- Presentation to various NCMA Chapters: "Rethinking Contract Compliance: A Roadmap Toward a 21st Century Program"
- Presentation to Institute of Management Accountants (IMA), Current Issues in Government Contracting seminar "Recent DCAA Audit Initiatives" (2000, 2001, 2003, 2005)
- Certified Government Financial Manager (CGFM), Association of Government Accountants
- Provided expert testimony on Government cost accounting, contract administration and source evaluation issues, Orange County (California) Superior Court. (Wireless Facilities, Inc. & WFI Government Services, Inc. (WFI) v. Celeris Systems, Inc.)
- Led outsourced internal audit teams at several aerospace & defense entities. Led team

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evaluating compliance and business practice compliance at the Federal business unit of a multi-billion dollar publicly traded entity. The resulting report, performed under privilege, identified several internal control gaps that exposed the entity to allegations of violation of the Trade Agreements Act and other statutory/regulatory requirements associated with its General Services Administration Multiple Award Contract. Briefed the final report to General Counsel and the Board of Directors.

- Assisted multi-national engineering and environmental remediation contractor with resolution of DCAA audit issues, including determinations of inadequacy related to Disclosure Statement, accounting system, preparation of indirect cost rates, and indirect cost allocation structure. As part of the work, took over audit liaison function with respect to interaction with DCAA and DCMA Administrative Contracting Officer. Also assessed and recommended enhancements/changes to established/disclosed cost accounting practices, policies and procedures, and internal controls.

- Led an internal audit team to evaluate FAR/CAS compliance at a multi-billion dollar engineering and construction entity, including evaluating adequacy of Disclosure Statement, corporate cost allocation methodology, and frequency of indirect cost rate update. Identified potential revenue recognition problems. Recommended changes designed to improve compliance and to increase cash flow.

- Keynote presenter, "Contracting with the U.S. Government" (with Patton Boggs LLP), Qatar, March 2005

- Keynote presenter, "GSA Schedule Contracting: Traps for the Unwary" – PricewaterhouseCoopers Government Contracts Conference, February 2006

- Presenter: "Sarbanes-Oxley, DCAA Activities and Other Related Mischief" – Institute of Management Accountants Current Issues in Government Contracting Seminar, October 2005

- For an international defense contractor, recommended appropriate business processes and controls to comply with US defense acquisition rules, including FAR and CAS. As part of this project, developed initial cost allocation structure and methodology, and controls to identify and segregate FAR Part 31.2 unallowable costs. Also worked with contract management and supply chain management functions to ensure proper flow-down of contract clauses.

- For an AbilityOne contractor, provided advice and assistance on transition into negotiated cost-reimbursement contracting. Efforts included development of initial cost allocation structure, identification of unallowable costs, indirect cost rate calculations, and assistance in negotiating the new methodology with DOD contracting officers. Also consulted on contract financing opportunities, cash flow enhancement, and resolution of disputes on individual contracts. Also provided support on revenue recognition issues associated with entity's external audit.

- For a publicly traded aerospace/defense contractor, provided SME support to external audit, in connection with revenue recognition under SOP 81-1, analysis of reserves associated with DCAA audit findings and other disputes with the Government, and program management issues. Also provided training to external audit staff in the areas of revenue recognition and testing, EVMS, and applicable CAS and FAR requirements.

- Provided customized in-house training in Government contract cost accounting to employees of various entities via Federal Publication Seminars, including Qualcomm, Stanford Linear Accelerator Center, Goodrich, Sandia National Laboratories, and Esterline Technologies.

- Provided support to litigation team defending Allison Engines in a False Claims action, in which Allison's position was upheld in various rulings up to and included the Supreme Court of the United States. (Allison Engine Co. v. United States ex rel. Sanders, No. 07-214, June

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