

SubCon

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Account System Compliance for Government Subcontractors

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Accounting System Compliance for Subcontractors

FAR Part 16.307 requires that FAR Clause 52.216-7 (the Allowable Cost and Payment Clause) be included in all T&M and Cost-Reimbursement type contracts

52.216-7 requires that the contractor submit an adequate indirect cost rate proposal to the contracting office and auditor within the 6-month period following the expiration of each of its fiscal years

FAR Clause 16.301-3(a)(3) states that “A cost-reimbursement contract may be used only when – The contractor’s accounting system is adequate for determining costs applicable to the contract or order”

Defense Federal Acquisition Regulation Supplement (DFARS) section 252.242.7006 spells out the specific requirements of an acceptable accounting system.

Accounting System Compliance for Subcontractors

Standard Form 1408 was devised as a checklist for contractors and auditors to document the specific accounting system characteristics required under DFARS 252.242.7006

Illustrations and examples of Cost Accounting requirements

Use of Indirect Rates in Contract Pricing

Provisional Billing Rates

Why Subcontractor compliance matters to Prime Contractors

The Quiz