

American Conference Institute's **National Summit** on

CAS Compliance & Adequacy

Meeting Compliance, Consistency and Disclosure Statement Requirements
under Cost Accounting Standards

September 26 – 27, 2011 | Hilton Crystal City | Arlington, VA

Conference Co-Chairs:

Bruce Timman
Director
Government Accounting Compliance
Honeywell
*Industry Representative to Cost Accounting
Standards Board*

Mark Roberts
Partner
Argy, Wiltse & Robinson, P.C.

Benchmark with Senior CAS Executives:

David J. Roll
Vice President, Industry Compliance
Mantech International
*Former Chief Technical Audit Services Division,
DCMA*

John Russell
Assistant General Counsel
Northrop Grumman

Charlie Kerr
Senior Manager, Government Compliance
KBR

Michael L. Bell
Deputy General Counsel
The Mission and Fire Control Division
Lockheed Martin

Paul Cienki
Vice President, Government
Accounting & Compliance
Honeywell International

Scott M. Parr
Vice President and Director
of Government Accounting
Alion Science and Technology

Clint Woofter
Director, Government Compliance
URS Corporation, Federal Services

Mark Giese
Director, Government Accounting
Policy and Compliance
Alliant Techsystems

Senior accountants, attorneys and contract executives will provide insights on how to resolve complex CAS compliance issues, including how to:

- Determine CAS applicability for subcontractors and what cost or pricing data is required for proposal support
- Incorporate existing and anticipated changes to pension CAS rules into your accounting practices
- Meet disclosure statement requirements when transitioning from non-CAS to CAS coverage
- Prepare your cost-impact analysis when undergoing changes to your accounting practices
- Allocate IR&D costs and manage the impact of the *ATK Thiokol* case going forward
- Respond to DCAA auditor requests, and prepare for CAS audits
- Receive adequate ratings for your home office cost allocations under CAS 403
- Satisfy G & A cost objectives, and allocation of indirect costs under CAS 410 and 418
- Manage pension costs under CAS 412 & 413, and overlapping ERISA requirements
- Determine CAS applicability to domestic and foreign subcontractors when the prime is CAS-covered

Exclusive Working Groups to Complete Your Training

September 26 – A Deep Dive into the Fundamentals of CAS-Coverage, Compliance and Exemptions: Key Concepts, Agencies and Requirements Demystified

September 28 – Preparing Adequate Disclosure Statements: A Complete, “How to” Guide from A to Z

Association Partner:



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Prepare for vigorous DCAA audits, and ensure your organization is equipped to prevent expensive allocability errors and lost profits!

Pressure on contractors to ensure ongoing CAS compliance has increased exponentially due to rising DCAA scrutiny. As the U.S. Government looks to implement meaningful budget cuts and revisit contractor accounting practices, it is critical to ensure uniformity and consistency in your CAS compliance practices throughout the life of your U.S. Government contracts.

At American Conference Institute's **National Summit on CAS Compliance & Adequacy**, you will learn practical strategies to overcome the highly technical and complex challenges in achieving and maintaining CAS compliance.

Unlike other CAS training events, this is the *only comprehensive, practical conference* that will afford you the unique opportunity to benchmark and gain first-hand perspectives from the **CAS Board**, senior in-house government contract executives, lawyers and accountants. The discussion will not only delve into key requirements, but will also focus on providing you with real-world tools that you can apply to your daily work.

Conference panel discussions are geared to give participants the **multi-dimensional perspective** that is needed to cover pressing issues affecting industry, including CAS applicability to subcontractors, harmonization of CAS with the *Pension Protection Act*, and working with your business units to determine what needs to be disclosed and how.

Practical sessions will include:

- **CAS Board** priorities and inter-agency cooperation
- Determining what needs to be included in the disclosure statement when transitioning from non-CAS to CAS-covered contracts
- Managing **pension costs under CAS 412 and 413**, and overlapping ERISA requirements
- How the *ATK Thiokol* case affects the allocability of **IR&D** costs under CAS 420
- Establishing reasonable **G & A costs under CAS 403**
- Managing and preparing for **DCAA CAS audits**
- How and if **CAS applies to foreign contractors**, including subcontractors and subsidiaries of US contractors
- Maintaining adequacy and segregation of unallowable costs under CAS 405

PLUS, don't miss exclusive working group sessions that offer unique in-depth CAS training:

Get up to speed on CAS fundamentals at the pre-conference interactive working group:

September 26 – A Deep Dive into the Fundamentals of CAS-Coverage, Compliance and Exemptions: Key Concepts, Agencies and Requirements Demystified

Fine tune your disclosure statement practices at the post-conference benchmarking session:

September 28 – Preparing Adequate Disclosure Statements: A Complete, "How To" Guide from A to Z

Register early as seats at this event are expected to fill to capacity. Registrations will be taken on a first come, first served basis. Call **1-888-224-2480**; fax your registration form to **1-877-927-1563** or register online at **www.AmericanConference.com/CAScompliance**.

A Must Attend Event for

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- Government Finance
- Government Contracts
- Government Accounting
- Federal Government Procurement
- Acquisition Policy
- Government Compliance & Relations

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- Government Contracting Compliance and Litigation
- Cost Accounting and Cost Allowability
- False Claims Act and Procurement Fraud
- Suspension and Debarment
- Bid Protests

Corporate Legal Professionals

- VPs, Legal Affairs and Operations
- Government Contracts Counsel

Contracting Officers

Continuing Professional Education Credits



American Conference Institute (ACI) will apply for Continuing Professional Education credits for all conference attendees who request credit.

Course objective: instruction on government contracting and complying with DCAA, DCMA and other regulatory agencies. Prerequisite: basic knowledge of medical device/technology reimbursement. Level of knowledge: Intermediate. Teaching method: Seminar Lecture. Advanced preparation: None. Delivery method: Group live. Please refer to the information in this brochure for outline, course content and objectives. Upon completion of this course you will receive a certificate of attendance. Final approval of a course for CPE credits belongs with each state's regulatory board. Recommended CPE Credit: 11.5 credit hours plus an additional 4.0 credit hours for each workshop.

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To request credit, please check the appropriate box on the Registration form. For more information regarding administrative policies or to file a complaint regarding CPE credits, please contact our customer service department at 888-224-2480.

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ACI certifies that this activity has been approved for CLE credit by the State Bar of California in the amount of 9.75 hours. An additional 3.5 credit hours will apply to each workshop.

You are required to bring your state bar number to complete the appropriate state forms during the conference. CLE credits are processed in 4-8 weeks after a conference is held.

ACI has a dedicated team which processes requests for state approval. Please note that event accreditation varies by state and ACI will make every effort to process your request.

Questions about CLE credits for your state? Visit our online CLE Help Center at www.americanconference.com/CLE

A Deep Dive into the Fundamentals of CAS Coverage, Compliance and Exemptions: Key Concepts, Agencies and Requirements Demystified

Deborah Nixon

Partner – Government Contract Services
Ernst & Young LLP (McLean, VA)

Gregory A. Smith

Partner
Cooley Godward & Kronish LLP (Reston, VA)

Brian D. Taylor

Senior Manager, U.S. Government Compliance
Accenture (Reston, VA)

This interactive and practical workshop will provide participants with a comprehensive review of the CAS and applicable FAR parts, and how these complex accounting and acquisition standards fit in with your overall government accounting compliance program. Whether you are new to the field or an experienced veteran, ensuring CAS compliance remains an ongoing challenge.

Attending this workshop will provide you with a strong knowledge base that will help you to tackle discussions of highly sophisticated issues and nuances during the main conference. Ample time will be left for Q & A, so come prepared with your questions.

Topics include:

- Determination of CAS-covered awards: What is the CAS and when is a company “CAS-covered”
- Which FAR clauses to incorporate into CAS contracts and how
- Distinguishing G & A v. overhead costs
- Understanding the role of the CAS Board
- Defining a “trigger” contract
- Knowing the differences between full and modified CAS coverage, and which CAS rules apply to each
- Defining key CAS exemptions and when they may apply to your contracts
- Key challenges to avoid when applying CAS rules in practice- and the consequences of non-compliance
- Monitoring and maintenance of CAS-covered awards

What Attendees Have to Say About Past ACI Events:

“Info presented was good. Looking forward to applying it at my workplace.”

Bank of America, ACI’s National Conference on DCAA Audits (November 2010)

“Good benchmarking opportunity – Gave me a good background as to why things are changing.”

Ametek Aerospace & Defense, ACI’s National Conference on DCAA Audits (November 2010)

“Very high calibre, well-done, professional experience. A lot to absorb in a short time which is a good thing.”

Rolls-Royce, ACI’s National Conference on DCAA Audits (November 2010)

12:15 Main Conference Registration Begins

1:15 Opening Remarks from Conference Co-Chairs

Bruce Timman

Director, Government Accounting Compliance
Aerospace Group, Honeywell, Inc. (Phoenix, AZ)
Industry Representative to Cost Accounting Standards Board

Mark Roberts

Partner
Argy, Wiltse & Robinson, PC (McLean, VA)

1:30 CAS Year in Review: CAS Board Priorities and Inter-Agency Cooperation

Bruce Timman

Director, Government Accounting Compliance
Aerospace Group, Honeywell, Inc. (Phoenix, AZ)
Industry Representative to Cost Accounting Standards Board

David J. Roll

Vice President, Industry Compliance
Man Tech International Corporation (Fairfax, VA)
*Former Chief Technical Audit Services Division,
Defense Contract Audit Agency*

- How the CAS Board coordinates with the Office of Management and Budget (OMB) on rule-making
- Impact of IR & D changes by FAR Counsel
- Harmonization of CAS with the *Pension Protection Act* and how this changes contractor accounting compliance practices
- The CAS Board perspective on the overlap between GAAP and GAGAS
- Effect of looming DoD budget cuts and DCAA’s impending backlog on contractors
- How CAS requirements interact with new international accounting rules that will replace the Financial Accounting Standards (as the standard for US GAAP)

2:15 Determining CAS Applicability to Domestic and Foreign Subcontractors When the Prime is CAS-Covered

John Russell

Assistant General Counsel
Northrop Grumman Corporation (Baltimore, MD)

James W. Thomas

Partner
PricewaterhouseCoopers LLP (McLean, VA)

- How prime contractors can work with subcontractors to ensure adequate cost data
- Understanding CAS 401 and 402 applicability to contracts with foreign governments and contractors
- What DCAA expects for subcontractor compliance with CAS and FAR Part 15
- How subcontractor cost or pricing data feeds into proposal support
- How and if CAS applies to foreign contractors, including subcontractors and subsidiaries of US contractors
- Use of the “CAS flow down clause” for negotiating contracts with subcontractors
- Implications of proposed elimination of overseas CAS exemption

3:30 Networking Refreshment Break

3:45 **Managing Pension Costs under CAS 412 and 413, and Overlapping ERISA Requirements: How to Overcome Complex Measurement and Allocability Pitfalls**

Paul Pompeo

Partner

Arnold & Porter LLP (Washington, DC)

John McQuade

President

Pine Cliff Consulting, Inc. (Framingham, MA)

- Determining whether pension costs incurred on Government contracts meet the measurement and allocability requirements of CAS 412, 413
- Meeting allocable, reasonable and allowable thresholds under FAR Subpart 31.2
- How to process equitable adjustments under the proposed CAS pension rules and what they mean for your company
- Reconciling pensions costs with your actuarial reports and pension contributions
- Ensuring pension plan benefits are reasonable

4:45 **Allocating Indirect Expenses under CAS 410 and 418, including Service Centers, Overhead Pools and G & A Expenses**

Dr. Louis Rosen

President

Potomac Partners R & M, LLC (Potomac, MD)

Former Associate Director of Cost Accounting Standards Board

- How to achieve compliant allocation of homogenous indirect cost pools and heterogeneous activities
- Determining the right allocation basis for service center cost pools
- Value added v. total cost input: Choosing which one is the right allocation for the G & A pool
- How to achieve a compliant allocation when merging segment cost pools with different product mixes

5:30 **Main Conference Adjourns to Day 2**

DAY 2 | Tuesday, September 27, 2011

9:00 **Opening Remarks from Co-Chairs**

9:15 **Meeting Disclosure Statement Requirements when Transitioning from Non-CAS to CAS Coverage**

Mark Burroughs

Partner

Deloitte (McLean, VA)

Charlie Kerr

Senior Manager, Government Compliance

KBR (Houston, TX)

- What needs to be done and included in the disclosure statement when transitioning from non-CAS to CAS-covered contracts
- Managing changes to your cost accounting structure in response to the non-CAS to CAS transition
- Business unit exemption: Working with your different business units to determine how to disclose and whether each business unit needs to disclose separately
- Understanding the contractor's obligation to disclose when a change is made to the cost accounting practice
- What constitutes an "adequate" disclosure statement under the DCAA/DCMA culture

10:15 **Networking Coffee Break**

10:30 **Preparing your Cost-Impact Analysis Following Changes to Your Cost Accounting Practices**

Mike Steen

Senior Managing Consultant, Government Contracts Group
Beason & Nalley (Huntsville, AL)

Former DCAA Regional Director

Terry Albertson

Partner

Crowell & Moring LLP (Washington, DC)

- What is a cost accounting practice and when does a "change" occur
- Distinguishing organizational v. cost accounting practice changes
- Applying DoD's and DCAA's interpretation of CAS rules on changes
- Defining an "affected contract" and what contracts can be excluded from a cost impact proposal
- Determining whether the change is "material" and illustrating to DCAA what the changes will mean for your accounting practices
- Offsets between contract types: When a cost increase to a cost-type contract can be offset by a cost decrease to a fixed-price type
- Similarities and differences between gross dollar magnitude (GDM) and detailed cost impacts (DCI)
- Determining the cost impact in the aggregate for multiple changes on multiple contracts

11:45 **Allocating your IR&D Costs under CAS 420 Post-ATK Thiokol**

Michael L. Bell

Deputy General Counsel

The Mission and Fire Control Division

Lockheed Martin Corporation (Orlando, FL)

Tom Lemmer

Partner

McKenna Long & Aldridge LLP (Denver, CO)

- Keeping in line with CAS standards when charging research costs
- Tracking new accounts and allocating resources to specific contracts
- How the new rules apply to future contracts
- Impact of the *ATK Thiokol*, *Teknowledge*, and *Newport News* cases to contractors

12:45 **Networking Luncheon for Attendees and Speakers**

2:00 **Managing and Preparing for DCAA CAS Audits: How to Negotiate and Respond to Auditor Requests, and Reduce the Risk of Adverse Findings**

Paul Cienki

Vice President, Government Accounting & Compliance
Honeywell International (Morristown, NJ)

Bill Walter, CPA

Partner

Dixon Hughes Goodman, LLP (Tysons Corner, VA)

- Negotiating with auditors and understanding your rights during the audit
- What triggers a CAS audit by DCAA, and how to prepare

- Practical implications of DCAA's audit backlog and incurred cost audits for contractors subject to modified coverage: Mitigating risk exposure
- How DCAA analyzes uniformity in the estimating, accumulating and reporting of costs on Government contracts
- How DCAA ensures measured costs are allocated to the proper cost objective
- Participation of the auditor and contracting officer during the audit and what information can be requested
- Knowing responsibilities of contractor and subcontractor during the audit
- Challenging a DCAA audit ruling and negotiating with DCMA

3:00 Networking Refreshment Break

3:15 Achieving Adequate Ratings for Your Home Office Cost Allocations under CAS 403

Brent Calhoon

Partner

Baker Tilly (Vienna, VA)

Scott M. Parr

Vice President and Director of Government Accounting
Alion Science and Technology (McLean, VA)

- Understanding the CAS 403 allocation hierarchy
- How to identify and define corporate "functions" to be allocated
- Why the benefits of minimizing residual expenses often outweigh the burden of multiple functional allocations
- Knowing what circumstances warrant special allocations
- How to analyze cost over time for evidence of new "functions" and opportunities to establish new cost accounting practices
- Establishing reasonable G & A costs for your corporate functions under CAS 403

4:15 Maintaining Adequacy and Segregation of Unallowable Costs under CAS 405

Mark Roberts

Partner

Argy, Wiltse & Robinson, PC (McLean, VA)

- Defining and measuring "expressly unallowable" costs under CAS 405
- Identifying "unallowable" and "directly associated" costs under 405: Segregating costs within your accounting system to prevent impacting price of negotiated contracts
- Determining allowable cost and payment under FAR 52.216-7
- Understanding "direct" v. "indirect" costs and applicable FAR or CAS regulations
- Negotiating advance agreements to avoid possible subsequent disallowance or dispute based on unreasonableness or non-allocability

5:00 Conference Concludes

DAY 3 | Wednesday, September 28, 2011

Post-Conference Interactive Benchmarking Session
9:00am – 12:30pm | Registration Begins at 8:00am

Preparing Adequate Disclosure Statements: A Complete, "How To" Guide from A to Z

Clint Woofter

Director, Government Compliance

URS Corporation, Federal Services (Germantown, MD)

Mark Giesie

Director, Government Accounting Policy and Compliance

Alliant Techsystems, Inc. (Minneapolis, MN)

Frank Wojtaszek

Former Chief, Contract Administration Division

Defense Contract Management Agency (DCMA)

(Annandale, VA)

Submitting a current, complete and accurate disclosure statement is a necessary function for sustained growth at your company and for meeting stringent auditor requirements. This hands-on working session will provide you with a step-by-step guide to filling out each block on a disclosure statement, meeting auditor requests and increasing your chances of adequate ratings from DCAA.

Don't miss this worthwhile opportunity to benchmark your disclosure statement practices, share your ideas, issues, and proposals with your colleagues and peers, and hear their thoughts and feedback. The expert speakers will walk you through mock disclosure statements and case studies to provide you with practical tools that you can use in your work going forward.

- What a disclosure statement is and what it is not
- How to build an "adequate" disclosure statement – Section by section, block by block
- Tying the descriptions back to business systems:
 - Having a proper screening system in place for unallowable costs
 - Written policy and procedure requirements in the CAS
 - Understanding cost allocation and assignment
- Submission of CASB DS-1
 - Strategies for preparing, submitting and keeping a current DS-1
 - Detailed description of cost accounting practices used to estimate, accumulate and report costs under CAS covered contracts and standards in effect at time of submission
- Setting up a system for screening unallowables
- Review of other disclosure statements, including alternative form used by UK and Canadian contractors, and a DS-2 for colleges and universities
- Describing established procedures in your disclosure statement including: How to collect costs, how your financial procedures are documented, and making sure your contract is proposing accumulating and allocating costs

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CAS Compliance & Adequacy

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Benchmark your Compliance Practices with

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- Northrop Grumman
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The fee includes the conference, all program materials, continental breakfasts, lunches and refreshments.

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