



Day & Zimmermann

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Policy: Government Contract Reporting

Policy No.: 1312

Responsible Officer: Senior Vice President, Finance, and CFO

1.0 Purpose

This policy is intended to provide an overview on the responsibilities of the Company's government contract reporting requirements under the Cost Accounting Standards.

2.0 Definitions

2.1 Cost Accounting Standards ("CAS"): A set of nineteen (19) standards issued by the United States Government ("U.S. Government") to achieve uniformity and consistency in the cost accounting practices governing the measurement, assignment, and allocation of costs to contracts with the United States.

3.0 Policy

3.1 CAS-Covered Contracts

The Company has U.S. Government contracts subject to CAS, as defined in Part 30 - Cost Accounting Standards Administration, Subpart 30.2 - CAS Program Requirements. CAS requires prime contractors with CAS-covered contracts to (1) agree to equitable adjustment if the prime contractor changes a practice, (2) agree to adjustment if the prime contractor fails to comply with CAS, (3) consistently follow written practices, (4) comply with all CAS, (5) disclose practices in writing, which includes maintaining a disclosure statement and submitting amendments or revisions, as necessary, and (6) distribute flow-down requirements to include in subcontracts and to monitor the subcontractor's compliance.

3.2 Cost Accounting Standards

The U.S. Government established the following set of standards and rules to help achieve uniformity and consistency in the cost accounting principles within U.S. Government contracting.

- CAS 401 – Consistency in Estimating, Accumulating, and Reporting Costs
- CAS 402 – Consistency in Allocating Costs Incurred for the Same Purpose
- CAS 403 – Allocations of Home Office Expenses to Segments
- CAS 404 – Capitalization of Tangible Assets
- CAS 405 – Accounting for Unallowable Costs

- CAS 406 – Cost Accounting Period
- CAS 407 – Use of Standard Cost for Direct Material and Direct Labor
- CAS 408 – Accounting for Costs of Compensated Personal Absence
- CAS 409 – Depreciation of Tangible Capital Assets
- CAS 410 – Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives
- CAS 411 – Accounting for Acquisition Costs of Material
- CAS 412 – Composition and Measurement of Pension Costs
- CAS 413 – Adjustment and Allocation of Pension Cost
- CAS 414 – Cost of Money as an Element of the Cost of Facilities Capital
- CAS 415 – Accounting for the Cost of Deferred Compensation
- CAS 416 - Accounting for Insurance Costs
- CAS 417 – Cost of Money as an Element of the Cost of Capital Assets Under Construction
- CAS 418 – Allocation of Direct and Indirect Costs
- CAS 419 – Reserved
- CAS 420 – Accounting for Independent Research and Development Costs and Bid and Proposal Costs (IR&D and B&P)

3.3 CAS Disclosure Statement

Refer to [Policy 1312-01](#) – *CAS Disclosure Statement Preparation and Dissemination*

4.0 Responsibilities

The Chief Financial Officer is responsible for the development and maintenance of these guidelines. The Leadership Council members and their direct reports are responsible for the enforcement of this Policy within their respective organizations.