

CLIENT ALERT

Bad News for Contractors: ASBCA Decision Bars Offsets of Simultaneous Accounting Changes Under FAR 30.606

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In *Raytheon Co.* (May 7, 2015), the ASBCA held that under FAR 30.606 contractors may not offset cost impacts from simultaneous accounting changes within the same business segment, which if not reversed on appeal will cause major disruptions when contractors make multiple changes in cost accounting practices made after 2005 (the date of the FAR change), effectively giving the government the benefit of decreased costs without offsetting them against increased costs of simultaneous accounting changes. The Board decision ignores the language of CAS 9903.306(b)-(c), which states that when there is a change in accounting practice the government should not pay more than the "contract costs, price, or profit" that "would have been agreed to" had the accounting changes been known, which would logically include all simultaneous changes, not just changes that decrease the costs.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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