

CLIENT ALERT

CAS Board Begins Statutorily-Mandated CAS/GAAP Conformance

March 27, 2019

On March 13, 2019, the Cost Accounting Standards Board (CAS Board) released a Staff Discussion Paper (SDP) on conformance of the Cost Accounting Standards (CAS) to Generally Accepted Accounting Principles (GAAP), which the FY 2017 NDAA mandated. “[T]o effectively analyze where CAS-GAAP conformance may be beneficial,” the SDP proposes:

- Five “guiding principles that can serve as guardrails in evaluating the benefits and drawbacks of any proposed action,” *e.g.* “[r]educe CAS requirements where practicable to minimize the burden on contractors while protecting the interests of the Federal Government[;]” and
- A global roadmap consisting of three activities “to help the Board prioritize where it should focus its attention from among the 19 CAS that are currently in effect[,]” *e.g.* organizing “the standards into groupings relative to their anticipated opportunity for conformance with GAAP.”

The SDP also provides a preliminary analysis comparison of CAS to GAAP for CAS 408 (Accounting for Costs of Compensated Personal Absence), which notes at least one potential gap, and CAS 409 (Depreciation of Tangible Capital Assets), which notes three potential gaps.

Finally, the paper discusses recent changes in GAAP that may require changes to CAS, namely the new lease accounting guidance and revenue recognition rules. The Board invites the public to review the full text of the SDP, and respond in writing to certain proposed conformance actions and to questions posed by the CAS Board. Comments are due by May 13, 2019.

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

Nicole Owren-Wiest

Partner – Washington, D.C.

Phone: +1.202.624.2863

Email: nowrenwiest@crowell.com

Catherine O. Shames

Associate – Washington, D.C.

Phone: +1.202.688.3446

Email: cshames@crowell.com