

CLIENT ALERT

Failure to Consider CAS Materiality Criteria Dooms Gov't Claim

Nov.10.2016

In *Raytheon Co.* (ASBCA Aug. 9, 2016), a case involving disallowed cost increases following voluntary accounting changes, the board ruled that the CO violated FAR 30.602 and abused her discretion by considering only the amount of the dollar impact of the accounting changes and, thus, “fail[ed] to analyze the materiality of the cost impacts at issue” pursuant to the criteria set out in CAS 9903.305. Noting (without deciding) that a cost impact of less than 0.005 percent across affected contracts (roughly \$142 per contract) might not be “material,” the board held that the government cannot recover on its claim when the CO “simply disregard[s],” rather than evaluates, the CAS materiality factors.

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

Robert A. Burton

Partner – Washington, D.C.
Phone: +1 202.624.2982
Email: rburton@crowell.com

Stephen J. McBrady

Partner – Washington, D.C.
Phone: +1 202.624.2547
Email: smcbrady@crowell.com

Skye Mathieson

Counsel – Washington, D.C.
Phone: +1 202.624.2606
Email: smathieson@crowell.com