

CLIENT ALERT

Substantial Changes To CAS Administration Regulations

March 16, 2005

Final rules, effective April 8, 2005, concerning proposed changes to CAS administration requirements that have been pending since April 2000 were promulgated on March 9, 2005 (70 Fed. Reg. 11743-61). The new regulations will be discussed in detail at the upcoming OOPS/WOOPS programs on March 31-April 1/April 14-15, but some of the highlights include:

- When there is a CAS noncompliance, contract price adjustments may be required for closed contracts and closed years,
- Improvement in the definition of "desirable" and "required" changes may permit contractors to avoid price adjustments,
- Retroactive accounting changes are permitted in limited circumstances,
- Widely criticized proposals to prohibit offsets between FFP and flexibly-priced contracts were abandoned, and
- Estimates to complete rather than original cost estimates must be used to determine cost impact on FFP contracts.

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