30.603-2 Unilateral and desirable changes.

(a) *Unilateral changes*.

(1) The contractor *may* unilaterally change its disclosed or established cost accounting practices, but the Government *shall* not pay any increased cost, in the aggregate, as a result of the *unilateral change*.

(2) Prior to making any contract price or cost adjustments under the applicable paragraph (s) addressing a *unilateral change* at 52.230-2, 52.230-3, or 52.230-5, the CFAO *shall* determine that-

(i) The contemplated contract price or cost adjustments will protect the Government from the payment of the estimated increased costs, in the aggregate; and

(ii) The net effect of the contemplated adjustments will not result in the recovery of more than the increased costs to the Government, in the aggregate.

(b) *Desirable changes*.

(1) Prior to taking action under the applicable paragraph (s) addressing a *desirable change* at 52.230-2, 52.230-3, or 52.230-5, the CFAO *shall* determine the change is a *desirable change* and not detrimental to the interests of the Government.

(2) Until the CFAO has determined a change to a cost accounting practice is a *desirable change*, the change is a *unilateral change*.

(3) Some factors to consider in determining if a change is desirable include, but are not limited to, whether-

(i) The contractor *must* change the cost accounting practices it uses for Government contract and subcontract costing purposes to remain in compliance with the provisions of part 31;

(ii) The contractor is initiating management actions directly associated with the change that will result in cost savings for *segments* with CAS-covered contracts and subcontracts over a period for which forward *pricing* rates are developed or 5 years, whichever is shorter, and the cost savings are reflected in the forward *pricing* rates; and

(iii) Funds are available if the determination would necessitate an upward adjustment of contract cost or price.

(c) Notice and proposal preparation.

(1) When a contractor makes a *unilateral change*, the clause at 52.230-6, Administration of Cost Accounting Standards, requires the contractor to-

(i) Submit a description of the change to the CFAO not less than 60 days (or other mutually agreeable date) before implementation of the change; and

(ii) Submit rationale to support any contractor written statement that the cost impact of the change

is immaterial.

(2) If a contractor implements the change in cost accounting practice without submitting the notice as required in paragraph (c)(1) of this subsection, the CFAO *may* determine the change a failure to follow a cost accounting practice consistently and process it as a *noncompliance* in accordance with 30.605.

(d) Retroactive changes.

(1) If a contractor requests that a *unilateral change* be retroactive, the contractor *shall* submit supporting rationale.

(2) The CFAO *shall* promptly evaluate the contractor's request and *shall*, as soon as practical, notify the contractor *in writing* whether the request is or is not approved.

(3) The CFAO *shall* not approve a date for the retroactive change that is before the beginning of the contractor's fiscal year in which the request is made.

(e) *Contractor accounting changes due to external restructuring activities*. The requirements for contract price and cost adjustments do not apply to compliant cost accounting practice changes that are directly associated with external restructuring activities that are subject to and meet the requirements of 10 U.S.C. 3761. However, the disclosure requirements in 52.230-6(b) *shall* be followed.

Parent topic: 30.603 Changes to disclosed or established cost accounting practices.