52.230-3 Disclosure and Consistency of Cost Accounting Practices.

As prescribed in 30.201-4(b)(1), insert the following clause:

Disclosure and Consistency of Cost Accounting Practices (Jun 2020)

(a) The Contractor, in connection with this contract, *shall*-

(1) Comply with the requirements of 48 CFR 9904.401, Consistency in Estimating, Accumulating, and Reporting Costs; 48 CFR 9904.402, Consistency in Allocating Costs Incurred for the Same Purpose; 48 CFR 9904.405, Accounting for *Unallowable Costs*; and 48 CFR 9904.406, Cost Accounting Standard-Cost Accounting Period, in effect on the date of award of this contract as indicated in 48 CFR Part 9904.

(2) *(CAS-covered Contracts Only)* If it is a *business unit* of a company required to submit a Disclosure Statement, disclose *in writing* its cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5. If the Contractor has notified the *Contracting Officer* that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement *shall* be protected and *shall* not be released outside of the Government.

(3)

(i) Follow consistently the Contractor's cost accounting practices. A change to such practices *may* be proposed, however, by either the Government or the Contractor, and the Contractor agrees to negotiate with the *Contracting Officer* the terms and conditions under which a change *may* be made. After the terms and conditions under which the change is to be made have been agreed to, the change *must* be applied prospectively to this contract, and the Disclosure Statement, if affected, *must* be amended accordingly.

(ii) The Contractor *shall*, when the parties agree to a change to a cost accounting practice and the *Contracting Officer* has made the finding required in 48 CFR 9903.201-6(c), that the change is desirable and not detrimental to the interests of the Government, negotiate an equitable adjustment as provided in the Changes clause of this contract. In the absence of the required finding, no agreement *may* be made under this *contract clause* that will increase costs paid by the *United States*.

(4) Agree to an adjustment of the contract price or cost allowance, as appropriate, if the Contractor or a subcontractor fails to comply with the applicable CAS or to follow any cost accounting practice, and such failure results in any increased costs paid by the *United States*. Such adjustment *shall* provide for recovery of the increased costs to the *United States* together with interest thereon computed at the annual rate established under section 6621(a)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 6621(a)(2)), from the time the payment by the *United States* was made to the time the adjustment is effected.

(b) If the parties fail to agree whether the Contractor has complied with an applicable CAS, rule, or regulation as specified in 48 CFR 9903 and 9904 and as to any cost adjustment demanded by the *United States*, such failure to agree will constitute a dispute under 41 U.S.C. chapter 71, Contract

Disputes.

(c) The Contractor *shall* permit any authorized representatives of the Government to examine and make copies of any documents, papers, and records relating to compliance with the requirements of this clause.

(d) The Contractor *shall* include in all negotiated subcontracts, which the Contractor enters into, the substance of this clause, except paragraph (b), and *shall* require such inclusion in all other subcontracts of any tier, except that-

(1) If the subcontract is awarded to a *business unit* which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in section 30.201-4 of the Federal *Acquisition* Regulation (FAR) *shall* be inserted.

(2) The requirement in this paragraph (d) *shall* apply only to negotiated subcontracts in excess of the lower CAS threshold specified in FAR 30.201-4(b) on the date of subcontract award.

(3) The requirement *shall* not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.

(End of clause)

Parent topic: 52.230 [Reserved]