

**COST ACCOUNTING STANDARDS**  
**(FULL COVERAGE)**

I. **COST ACCOUNTING STANDARDS**

- (a) Unless the subcontract is exempt under 48 CFR 9903.201-1 and 9903.201-2, the provisions of 48 CFR Part 9903 are incorporated herein by reference and the Subcontractor, in connection with this subcontract, shall:
- (1) (CAS-covered Contracts and Subcontracts Only) By submission of a Disclosure Statement, disclose in writing the Subcontractor's cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5, including methods of distinguishing direct costs from indirect costs and the basis used for allocating indirect costs. The practices disclosed for this subcontract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Subcontractor and which contain a Cost Accounting Standards (CAS) clause. If the Subcontractor has notified the Fermilab Contract Administrator 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 Fermilab or the U.S. Government.
  - (2) Follow consistently the Subcontractor's cost accounting practices in accumulating and reporting contract and subcontract performance cost data concerning this subcontract. If any change in cost accounting practices is made for purposes of any contract or subcontract subject to CAS requirements, the change must be applied prospectively to this subcontract, and the Disclosure Statement must be amended accordingly. If the subcontract price or cost allowance of this subcontract is affected by such changes, adjustment shall be made in accordance with subparagraph (a)(4) or (a)(5) below, as appropriate.
  - (3) Comply with all CAS including any modifications and interpretations indicated thereto contained in 48 CFR Part 9904, in effect on the date of award of this subcontract or, if the Subcontractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Subcontractor's signed certificate of current cost or pricing data. The Subcontractor shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a contract or subcontract of the Subcontractor. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.
  - (4)
    - (i) Agree to an equitable adjustment as provided in the Changes clause of this subcontract if the subcontract cost is affected by a change which, pursuant to subparagraph (a)(3) of this clause, the Subcontractor is required to make to the Subcontractor's established cost accounting practices.
    - (ii) Negotiate with Fermilab to determine the terms and conditions under which a change may be made to a cost accounting practice other than a change made under other provisions of subparagraph (a)(4) of this clause; provided that no agreement may be made under this provision that will increase costs paid by Fermilab or the U.S. Government.

- (iii) When the parties agree to a change to a cost accounting practice, other than a change under subparagraph (a)(4)(i) of this clause, negotiate an equitable adjustment as provided in the Changes clause of this subcontract.
- (5) Agree to an adjustment of the subcontract price or cost allowance, as appropriate, if the Subcontractor or a sub-subcontractor fails to comply with an applicable Cost Accounting Standard or to follow any cost accounting practice consistently and such failure results in any increased costs paid by Fermilab or the U.S. Government, together with interest thereon computed at the annual rate established under section 6621 of the Internal Revenue Code of 1986 (26 U.S.C. 6621) for such period, from the time the payment by Fermilab was made to the time the adjustment is effected. In no case shall Fermilab or the U.S. Government recover costs greater than the increased cost to Fermilab or the U.S. Government in the aggregate, on the relevant contracts and subcontracts subject to the price adjustment unless the Subcontractor made a change in its cost accounting practices of which it was aware or should have been aware at the time of price negotiations and which it failed to disclose to Fermilab or the U.S. Government.
- (b) The Subcontractor shall permit any authorized representatives of Fermilab or the U.S. Government, to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause.
- (c) The Subcontractor shall include in all negotiated sub-subcontracts which the Subcontractor enters into, the substance of this clause, and shall require such inclusion in all other sub-subcontracts, of any tier, including the obligation to comply with all CAS in effect on the sub-subcontract's award date or if the sub-subcontractor has submitted cost or pricing data, on the date of final agreement on price as shown on the sub-subcontractor's signed Certificate of Current Cost or Pricing Data. If the sub-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 48 CFR 9903.201-4 shall be inserted. This requirement shall apply only to negotiated sub-subcontracts in excess of \$500,000, except that the requirement shall not apply to negotiated sub-subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.

## II. ADMINISTRATION OF COST ACCOUNTING STANDARDS

For the purpose of administering the Cost Accounting Standards (CAS) requirements under this subcontract, the Subcontractor shall take the steps outlined in paragraphs (a) through (g) of this clause:

- (a) Submit to the Fermilab Contract Administrator a description of any cost accounting practice change, the total potential impact of the change on contracts and subcontracts containing a CAS clause, and a general dollar magnitude of the change which identifies the potential shift of costs between CAS-covered contracts and subcontracts by contract type (i.e., firm-fixed-price, incentive, cost-plus-fixed-fee, etc.) and other subcontractor business activity. As related to CAS-covered contracts and subcontracts, the analysis should identify the potential impact on funds of the various Agencies/Departments (i.e., Department of Energy, National Aeronautics and Space Administration, Army, Navy, Air Force, other Department of Defense, other Government) as follows:
  - (1) For any change in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.230-5, Cost Accounting Standards-Educational Institution; within 60 days (or such other date as may be mutually agreed to) after award of a contract or subcontract requiring this change.

- (2) For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices; not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.
  - (3) For any failure to comply with an applicable CAS or to follow a disclosed practice (as contemplated by paragraph (a)(5) of the clause at FAR 52.230-2, Cost Accounting Standards and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or by subparagraph (a)(4) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices):
    - (i) Within 60 days (or such other date as may be mutually agreed to) after the date of agreement with the initial finding of noncompliance, or
    - (ii) In the event of Subcontractor disagreement with the initial finding of noncompliance, with 60 days of the date the Subcontractor is notified of the determination of noncompliance.
- (b) After a determination of materiality, submit a cost impact proposal in the form and manner specified by the Fermilab Contract Administrator within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to paragraph (a) of this clause. The cost impact proposal shall be in sufficient detail to permit evaluation, determination, and negotiation of the cost impact upon each separate CAS-covered contract and subcontract.
- (1) Cost impact proposals submitted for changes in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.230-5, Cost Accounting Standards-Educational Institution; shall identify the applicable standard or cost principle and all contracts and subcontracts containing the clauses entitled Cost Accounting Standards or Cost Accounting Standards-Educational Institution, which have an award date before the effective date of that standard or cost principle.
  - (2) Cost impact proposals submitted for any change in cost accounting practices proposed in accordance with subdivisions (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices; shall identify all contracts and subcontracts containing the clauses at FAR 52.230-2, Cost Accounting Standards, FAR 52.230-5, Cost Accounting Standards-Educational Institution, and FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices.
  - (3) Cost impact proposals submitted for failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or by subparagraph (a)(4) of the clause entitled Disclosure and Consistency of Cost Accounting Practices, shall identify the cost impact on each separate CAS-covered contract and subcontract from the date of failure to comply until the noncompliance is corrected.

- (c) If the submissions required by paragraphs (a) and (b) of this clause are not submitted within the specified time, or any extension granted by the Fermilab Contract Administrator, an amount not to exceed 10 percent of each subsequent amount determined payable related to the Subcontractor's CAS-covered prime contracts, up to the estimated general dollar magnitude of the cost impact, may be withheld until such time as the required submission has been provided in the form and manner specified by the Fermilab Contract Administrator.
- (d) Agree to appropriate contract and subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the clauses at FAR 52.230-2 and FAR 52.230-5; or with subparagraphs (a)(3) and (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause at FAR 52.230-3.
- (e) For all sub-subcontracts subject either to the clauses at FAR 52.230-2, 52.230-3, or 52.230-5 -
  - (1) so state in the body of the sub-subcontract, in the letter of award, or both (self-deleting clauses shall not be used); and
  - (2) include the substance of this clause in all negotiated sub-subcontracts. In addition, within 30 days after award of the sub-subcontract, submit the following information to the Subcontractor's cognizant contract administration office for transmittal to the contract administration office cognizant of the sub-subcontractor's facility:
    - (i) Sub-subcontractor's name and sub-subcontract number;
    - (ii) Dollar amount and date of award;
    - (iii) Name of Subcontractor making the award; and
    - (iv) Any changes the sub-subcontractor has made or proposes to make to cost accounting practices that affect prime contracts, subcontracts, or sub-subcontracts containing the clauses at FAR 52.230-2, 52.230-3, or 52.230-5, unless these changes have already been reported.
- (f) Notify the Fermilab Contract Administrator in writing of any adjustments required to sub-subcontracts under this subcontract and agree to an adjustment, based on them, to this subcontractor's price or estimated cost and fee. This notice is due within (30) days after proposed sub-subcontract adjustments are received and shall include a proposal for adjusting the higher tier subcontract or prime contract appropriately.
- (g) For sub-subcontracts containing the clause at FAR 52.230-2 or 52.230-5, require the sub-subcontractor to comply with all Standards in effect on the date of award or of final agreement on price, as shown on the sub-subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier.