



**FAR FACTS**  
**SEASON 2023, EPISODE EIGHTEEN**  
**FAR PARTS 30, 31, & 32**

1. The Cost Accounting Standards (“CAS”) and the related rules and regulations of the CAS Board can be found at Title 48 CFR Chapter 99 and are included in the FAR via the FAR Appendix. **Appendix to the FAR.**
2. Whether a contract is covered by CAS or exempt is determined at the time of award.
3. A list of CAS exemptions is available at **48 C.F.R. 9903.201-1.**
4. If a contractor is awarded a contract that **exceeds** \$50 million **and** that contract is subject to CAS, it will be subject to all 19 cost accounting standards in CAS (e.g., a “full CAS” covered contract). **48 C.F.R. 9903.201-2(a)**
5. Contractors are required to forward proposals that would result in a CAS covered contract to their cognizant administrative contracting officer (“ACO”) as well as to the government agency that issued the solicitation. **FAR 52.230-1.**
6. Although it does not happen often, the head of an agency has the authority to waive the applicability for a particular contract or subcontract. **FAR 30.201-5(a).** Each agency must report to the CAS Board any waivers granted, on a fiscal year basis, not later than 90 days after the close of the Government’s fiscal year. **FAR 30.201-5(e).**
7. A cost will be deemed reimbursable or “allowable” under a cost reimbursement type contract provided it complies with all of the following 5 requirements:
  - Reasonability
  - Allocability
  - CAS Board standards and/generally accepted accounting principles
  - Terms of the contract
  - Cost principles at **FAR 31.2 FAR 31.201-2.**
8. A cost is “allocable” to a Government contract if it:
  - Is incurred, specifically for the contract;
  - Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
  - Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.**FAR 31.201-4.**

9. Whether a cost is “reasonable” is based upon whether a “reasonably prudent business person” would spend that amount in the conduct of competitive business under similar circumstances. **FAR 31.201-3.**
10. Salaries and benefits paid to employees performing services under one federal government contract is an example of a “direct cost.”
11. General and administrative (G&A) and overhead expenses required to be paid to operate a contractor’s facility or business are examples of “indirect costs.”
12. The cost allowability rules can be found at **FAR 31.2.**
13. The Government is permitted to make “advanced payments” (i.e., payment made before any performance of work) with certain limitations under a commercial contract (**FAR 32.2**) and noncommercial contract (**FAR 32.4**).
14. A contractor is permitted to stop work once it has reached the threshold limit established in a contract Limitation of Cost or Limitation of Funds clause. **FAR 32.704.** Contractors who perform work beyond the limits set forth in a contract’s Limitation of Cost or Limitation of Funds clause, assume the risk that they will not be paid for that work.
15. The Prompt Payment Act requires the Government to pay contractors within the later of the following two events:
  - 30 days receipt of a “proper invoice” or
  - 30 days acceptance of supplies delivered or services performed.**FAR 32.904(b).** Late payments received from the Government are subject to an interest penalty.
16. Performance based payments should only be used in fixed price contracts. **FAR 32.1003.**
17. Late performance based payments are not subject to any interest penalty. **FAR 32.1001(d).**
18. Performance based payments should not be used to pay for “accepted items.” **FAR 32.1001(a).**
19. Progress payments and performance based payments are fully recoverable by the Government, in the event of contractor default. **FAR 32.1001(c).**
20. As a general rule, the Government should make all contract payments through electronic fund transfers (EFT). But see exceptions at **FAR 32.1103(a).**