



**PREP ASSIGNMENT  
SEASON 2023, EPISODE EIGHTEEN  
FAR PARTS 30, 31, AND 32:  
COSTS, ACCOUNTING, AND FINANCING**

Preparation Assignment (20 points each)

**Fill In the Blank Questions:**

1. The CFAO is responsible for issuing determinations of adequacy and compliance of the Disclosure Statement. [Hint: Check out **FAR 30.202-6**]
2. When a negotiated CAS price adjustment or a determination of noncompliance is required at the subcontract level, the CFAO for the contractor shall furnish a copy of the negotiation memorandum or the determination to the CFAO for the contractor of the next higher-tier subcontractor. [Hint: Check out **FAR 30.607**]
3. A cost is allowable only when the cost complies with all the following requirements:
  - (1) Reasonableness.
  - (2) Allocability.
  - (3) Standards promulgated by the CAS Board, if applicable, otherwise, generally accepted accounting principles and practices appropriate to the circumstances.
  - (4) Terms of the contract.
  - (5) Any limitations set forth in this subpart. [Hint: Check out **FAR 31.201-2**]
4. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. [Hint: Check out **FAR 31.201-3**]
5. Except for a contract for the purchase of a commercial product or commercial service, including a brand-name commercial product for authorized resale (e.g., commissary items), the contracting officer may specify a longer period for constructive acceptance in the solicitation and resulting contract, if required to afford the Government a reasonable opportunity to inspect and test the supplies furnished or to evaluate the services performed. [Hint: Check out **FAR 32.904**]

**“Look ‘Em Ups”** (Enter the FAR cite and Answer)

1. Who within a federal government agency has the authority to waive CAS requirements? What type of information should be obtained by this individual prior to making such a contract action?

FAR 30.201-5

The head of the agency

(b) The head of the agency may grant a waiver when one of the following conditions exists:

(1) The contract or subcontract value is less than 15 million, and the head of the agency determines, in writing, that the segment of the contractor or subcontractor that will perform the contract or subcontract-

(i) Is primarily engaged in the sale of commercial products or commercial services; and

(ii) Has no contracts or subcontracts that are subject to CAS.

(2) The head of the agency determines that exceptional circumstances exist whereby a waiver of CAS is necessary to meet the needs of the agency. Exceptional circumstances exist only when the benefits to be derived from waiving the CAS outweigh the risk associated with the waiver. The determination that exceptional circumstances exist must-

(i) Be set forth in writing; and

(ii) Include a statement of the specific circumstances that justify granting the waiver.

2. What is “cost of money”? Under what circumstances is it an “allowable cost”?

(a) General. Cost of money-

(1) Is an imputed cost that is not a form of interest on borrowings (see 31.205-20);

(2) Is an "incurred cost" for cost-reimbursement purposes under applicable cost-reimbursement contracts and for progress payment purposes under fixed-price contracts; and

(3) Refers to-

(i) Facilities capital cost of money (48 CFR9904.414); and

(ii) Cost of money as an element of the cost of capital assets under construction (48 CFR9904.417).

(b) Cost of money is allowable, provided-

(1) It is measured, assigned, and allocated to contracts in accordance with 48 CFR9904.414 or measured and added to the cost of capital assets under construction in accordance with 48 CFR9904.417, as applicable;

(2) The requirements of 31.205-52, which limit the allowability of cost of money, are followed; and

(3) The estimated facilities capital cost of money is specifically identified and proposed in cost proposals relating to the contract under which the cost is to be claimed.

(c) Actual interest cost in lieu of the calculated imputed cost of money is unallowable.

Extra Credit: What specific costs related to “selling” are allowable under FAR Part 31? For an additional 20 “fun” points, tell me what other Part of the FAR (which we have already discussed) addresses the specific subject as well.

FAR 31.205-38

(b) Selling activity includes the following broad categories:

(1) Advertising. Advertising is defined at 31.205-1(b), and advertising costs are subject to the allowability provisions of 31.205-1(d) and (f).

(2) Corporate image enhancement. Corporate image enhancement activities, including broadly targeted sales efforts, other than advertising, are included within the definition of public relations at 31.205-1(a), and the costs of such efforts are subject to the allowability provisions at 31.205-1(e) and (f).

(3) Bid and proposal costs. Bid and proposal costs are defined at 31.205-18 and are subject to the allowability provisions of that subsection.

(4) Market planning. Market planning involves market research and analysis and general management planning concerned with development of the contractor’s business. Long-range market planning costs are subject to the allowability provisions of 31.205-12. Other market planning costs are allowable.

(5) Direct selling. Direct selling efforts are those acts or actions to induce particular customers to purchase particular products or services of the contractor. Direct selling is characterized by person-to-person contact and includes such efforts as familiarizing a potential customer with the contractor’s products or services, conditions of sale, service capabilities, etc. It also includes negotiation, liaison between customer and contractor personnel, technical and consulting efforts, individual demonstrations, and any other efforts having as their purpose the application or adaptation of the contractor’s products or services for a particular customer’s use. The cost of direct selling efforts is allowable.

FAR Part 3.4

FUN Question: Speaking of “selling”, what is the name of one of the real estate agent’s on the show Selling Sunset? For an additional 20 “fun” points, tell me the price of the most expensive listing that has appeared on the show.

One of the following:

Heather El Moussa

Mary Fitzgerald  
Brett Oppenheim  
Jason Oppenheim  
Christine Quinn  
Chrishell Stause  
Maya Vander  
Romain Bonnet  
Davina Potratz  
Amanza Smith  
Emma Hernan  
Vanessa Villela  
Chelsea Lazkani  
Nicole Young  
Bre Tiesi

\$75 Million