



[Close](#)

## Boeing Commercial Airplanes (BCA) Terms and Conditions

---

## **FORM INSTRUCTIONS COST ACCOUNTING STANDARDS CERTIFICATION**

### **General Information.**

Public Law 91-379 requires defense contractors and subcontractors to comply with Cost Accounting Standards (CAS) and disclose and comply with their cost accounting practices. When CAS first became law, it applied only to Defense Department contracts. When the Defense Acquisition Regulation (DAR) was superseded by the Federal Acquisition Regulation (FAR), CAS was made applicable to nondefense contracts also.

The Government requires MDC to apply CAS to all negotiated subcontracts unless a statutory exemption applies. A subcontract can be "negotiated" for the purpose of CAS even if discussions never take place between MDC and a Seller (see FAR 30.302 for the CAS-related definition of a negotiated contract or subcontract; the definition was the same in DAR).

The type of CAS-coverage for a non-exempt subcontract is determined by the status of the Seller. Sellers may be subject to all CAS standards (full coverage) or only 2 of the standards (modified coverage). The primary purpose of the certification which Sellers submit with their solicitation response is to identify which type of CAS coverage is appropriate in the event that the transaction must be placed as a negotiated subcontract. If a Seller believes that an exemption applies to relieve it of CAS, the Seller should advise MDC in conjunction with its solicitation response of the specific facts and regulatory basis for its belief.

If MDC determines that a particular award will not be a "negotiated subcontract" or that the transaction or the successful seller is exempt under an applicable DAR/FAR provision, the purchase order/contract will be issued without purchase clause 1005 (for FAR) or 1010 (for DAR).

### **Form DAC 26-878 (DAR-based Government Contracts).**

The language of Form DAC 26-878 is taken directly from DAR 7-2003.67. The form is somewhat difficult to understand. The following explanation may help.

Basically, Part A is for full coverage CAS, and Part C is for modified CAS. Sellers must choose one of the five boxes in part A.(e) representing their status. If Seller selects II, III, IV or V in Part A, it certifies that it is subject to full coverage CAS but does not need to submit a disclosure statement (CASB-DS-1) to MDC. A Seller who is CAS-covered must either provide its disclosure statement to MDC or select an appropriate answer at Part A to indicate that providing the disclosure statement to MDC is not necessary.

If the Seller checks A.(c).I, Seller must supply sufficient information to satisfy MDC that the exemption is warranted. If the Seller checks Part B, Seller indicates it is not subject to CAS because it is not currently performing any national defense CAS-covered contracts and its proposal is valued at \$500,000 or less.

V. Certificate of Interim Exemption

The bidder hereby certifies that (i) the bidder first exceeded the monetary exemption for disclosure as defined in (IV) above, in the cost accounting period immediately preceding the period in which this proposal was submitted and (ii) in accordance with the regulations of the CASB (4 CFR 351.40(f)). The bidder is not yet required to submit a Disclosure Statement. The bidder further certifies that if an award resulting from this proposal has not been made within 90 days after the end of that period, the bidder will immediately submit a revised certificate to McDonnell Douglas Corporation, in the form specified under (II) and (III) above, as appropriate, to verify submission of a completed Disclosure Statement.

**CAUTION:** Bidders currently required to disclose because they were awarded a CAS-covered national defense prime contract or subcontract of \$10 million or more in the current cost accounting period may not claim this exemption (V). Further, the exemption applies only in connection with proposals submitted before expiration of the 90 day period following the cost accounting period in which the monetary exemption was exceeded.

**B. COST ACCOUNTING STANDARDS - EXEMPTION FOR CONTRACTS OF \$500,000 OR LESS**

If this proposal is expected to result in the award of a contract of \$500,000 or less, the bidder shall indicate whether the exemption below is claimed. Failure to check the box below shall mean that the resultant contract is subject to CAS requirements or that the bidder elects to comply with such requirements.

- The bidder hereby claims an exemption from the CAS requirements under the provisions of 4 CFR 331.30(b) (7) and certifies that notification of final acceptance of all deliverable items has been received on all prime contracts or subcontracts containing the Cost Accounting Standards clause or the Disclosure and Consistency of Cost Accounting Practices clause. The bidder further certifies that McDonnell Douglas Corporation will be immediately notified in writing when an award of any other contract or subcontract containing Cost Accounting Standards clauses is received by the bidder subsequent to this certificate but before the date of any award resulting from this proposal.

**C. COST ACCOUNTING STANDARDS - ELIGIBILITY FOR MODIFIED CONTRACT COVERAGE**

If the bidder is eligible to use the modified provisions of 4 CFR 332 and elects to do so, the bidder shall indicate by checking the box below. Checking the box below shall mean that the resultant contract is subject to the Disclosure and Consistency of Cost Accounting Practices clause (MDC 418-1) in lieu of the Cost Accounting Standards clause (MDC 418).

- The bidder hereby claims an exemption from the Cost Accounting Standards clause under the provisions of 4 CFR 331.30(b) (2) and certifies that the bidder is eligible for use of the Disclosure and Consistency of Cost Accounting Practices clause because (i) during the cost accounting period immediately preceding the period in which this proposal was submitted, the bidder received less than \$10 million in awards of CAS covered national defense prime contracts and subcontracts, and (ii) the sum of such awards equaled less than 10 percent of total sales during that cost accounting period. The bidder further certifies that if such status changes before an award resulting from this proposal, the bidder will advise McDonnell Douglas Corporation immediately.

**CAUTION:** A bidder may not claim the above eligibility for modified contract coverage if this proposal is expected to result in the award of a national defense contract of \$10 million or more or if, during its current cost accounting period, the bidder has been awarded a single CAS covered national defense prime contract or subcontract of \$10 million or more.

**D. ADDITIONAL COST ACCOUNTING STANDARDS APPLICABLE TO EXISTING CONTRACTS**

The bidder shall indicate below whether award of the contemplated contract would, in accordance with Paragraph (a) (3) of the Cost Accounting Standards clause, require a change in established cost accounting practices affecting existing contracts and subcontracts.

- Yes  No

**NOTE:** If the bidder has checked "Yes" above and is awarded the contemplated contract, the bidder will be required to comply with the requirements of Paragraphs (b) and (c) of the Administration of Cost Accounting Standards clause.

\_\_\_\_\_  
Date of Certification

\_\_\_\_\_  
FIRM

\_\_\_\_\_  
NAME  
(Individual Signature)

\_\_\_\_\_  
TITLE

Close