

Have You Filed your Incurred Cost Submission for 2009

By Kiran Pinto

Government contractors subject to an “Allowable Cost and Payment” contract clause (FAR 52.216-7) must submit an adequate final incurred cost proposal, together with supporting data, within six months after the end of its fiscal year to the Defense Contract Audit Agency (DCAA).

Schedule I – (Schedule of Cumulative Direct and Indirect Costs Claimed and Billed on Cost/Flexibly Priced and Time and Material Contracts) demonstrates whether the Contractor’s flexibly priced contracts with the Department of Defense and other U.S. Government agencies are either ‘under’ or ‘over’ billed. This schedule compares the Total Cumulative Settled or Claimed Costs by contract (less costs in excess of contract ceiling rates, or unallowable per contract terms, or outside the period of performance, or in excess of contract ceiling amounts) with the Cumulative Costs billed per contract to arrive at over/under billings.

At the end of the fiscal year, the contractor should compare the recorded allowable rates to the billing rates. This is to determine if the additional amount due to the contractor (asset) when the billing rates have been lower than actual, or credit due to the Government (liability) when the actual rates are lower, needs to be reflected in the Financial Statements.