ATTACHMENT L-7 – OFFEROR'S PROPOSED ACCOUNTING SYSTEM INFORMATION

1.   Is the accounting system in accordance with generally accepted accounting principles? Please explain.

2.   Does the proposed accounting system provide for:

    a.   Proper segregation of direct costs from indirect costs? Please explain.

    b.   Identification of and accumulation of direct costs by contract? Please explain.

    c.   A logical and consistent method for allocation of indirect costs to intermediate and final cost objectives? (a contract is a final cost objective.)? Please explain.

    d.   Accumulation of costs under general ledger control? Please explain.

    e.   A timekeeping system that identifies employees' labor by intermediate or final cost objectives? Please explain.

    f.   A labor distribution system that charges direct and indirect labor to the appropriate cost objectives? Please explain.

    g.   Interim (at least monthly) determination of cost charged to a contract through routine posting of book of accounts? Please explain.

    h.   Exclusion from costs charged to government contracts of amounts which are not allowable in terms of FAR Part 31, Contract Cost Principles and Procedures or other contract provisions? Please explain.

    i.   Identification of costs by contract line item and by units (as if unit or line items were a separate contract) if required by the proposed contract? Please explain.

    j.   Segregation of preproduction costs from production costs (if applicable)? Please explain.

3.   Does the proposed Accounting System provide financial information:

    a.   Required by clauses concerning limitation of costs (FAR 52.232-20, *Limitation of Cost*) and/or limitation on payments (FAR 52.216-16, *Incentive Price Revision—Firm Target*)? Please explain.

    b.   Required to support request for progress payments? Please explain.

4.   Is the proposed accounting system designed, and are the records maintained in such a manner, that adequate, reliable data are developed for use in pricing follow-on acquisitions? Please explain.

5.   Is the accounting system currently in full operation? If not, describe which portions are: (1) in operation; (2) set-up, but not yet in operation; (3) anticipated; or (4) nonexistent.