

**SUPPORTING STATEMENT FOR INFORMATION COLLECTION SUBMISSION
OMB CONTROL NO. 9000-0129,
COST ACCOUNTING STANDARDS ADMINISTRATION**

A. Justification.

1. **Administrative requirements.** FAR 30.6 and 52.230-6, include pertinent rules and regulations related to the Cost Accounting Standards along with necessary administrative policies and procedures. These administrative policies require certain contractors to submit cost impact estimates and descriptions in cost accounting practices and also to provide information on CAS-covered subcontractors.
2. **Uses of information.** The information is used by contracting officers to determine compliance with cost accounting standards requirements.
3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically. This amounts to approximately 3%.
4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (FAR) which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication. The Department of Defense is the primary user of this information.
5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** There is no burden applied to small businesses, as small businesses are exempt from Cost Accounting Standards requirements.
6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Similar information is not already available to the contracting officer or buyer.
7. **Special circumstances for collection.** Collection of information on a basis other than that prescribed by this regulation is not practical. Collection is consistent with guidelines in 5 CFR 1320.6.

8. Efforts to consult with persons outside the agency. A notice was published in the *Federal Register* at 77 FR 69441, on November 19, 2012. Two comments were received.

Two respondents submitted public comments on the extension of the previously approved information collection. The analysis of the public comments is summarized as follows:

Respondent One:

Respondent one offered a single comment.

Comment: The purpose of this standard is to require that each type of cost is allocated only once and on only one basis to any contract or other cost objective. Provide measures of cost effectiveness within the activity. This may be accomplished by relating performance costs to standard costs or cost estimates by established cost centers and by end-product with development of appropriate analyses of cost variances.

Response: This comment concerned the purpose of the cost accounting principles and not the burden of reporting on the application of these standards.

Respondent Two:

Respondent two offered the following comments:

Comment: The respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act because of the burden it puts on the entity submitting the information and the agency collecting the information.

Response: In accordance with the Paperwork Reduction Act (PRA), agencies can request OMB approval of an existing information collection. The PRA requires that agencies use the Federal Register notice and comment process, to extend OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to FAR clause 52.230-6. This clause requires certain contractors to submit cost impact estimates and descriptions in cost accounting practices and also to provide information on CAS-covered subcontractors when making changes to their cost accounting practices. Without this information, the Government would be unable to approve changes to contractors cost accounting practices, resulting in the disallowance of contractor charges to contracts. This clause has existed substantially the same since the inception of the FAR.

Comment: The respondent commented that the agency did not accurately estimate the public burden challenging that the agency's methodology for calculating it is insufficient and inadequate and does not reflect the total burden. The respondent questioned the basis for the estimated number of responses per respondent of 2.27. The respondent also stated that the estimate of 175 hours per response per respondent is understated, and that the actual burden is at least 12 times that, but more likely 24 to 48 times this estimate. For this reason, the respondent provided that the agency should reassess the estimated total burden hours and revise the estimate upwards to be more accurate, as was done in FAR Case 2007-006. The same respondent also provided that the burden of compliance with the information collection requirement outweighs any potential utility of the extension.

Response: Serious consideration is given, during the open comment period, to all comments received and adjustments are made to the paperwork burden estimate based on reasonable considerations provided by the public. This is evidenced, as the respondent notes, in FAR Case 2007-006 where an adjustment was made from the total preparation hours from three to 60. This change was made considering particularly the hours that would be required for review within the company, prior to release to the Government.

The burden is prepared taking into consideration the necessary criteria in OMB guidance for estimating the paperwork burden put on the entity submitting the information. For example, consideration is given to an entity reviewing instructions; using technology to collect, process, and disclose information; adjusting existing practices to comply with requirements; searching data sources; completing and reviewing the response; and transmitting or disclosing information. The estimated burden hours for a collection are based on an average between the hours that a simple disclosure by a very small business might require and the much higher numbers that might be required for a very complex disclosure by a major corporation. Also, the estimated burden hours should only include projected hours for those actions which a company would not undertake in the normal course of business. Careful consideration went into assessing the estimated burden hours for this collection, and although, the respondent provided estimates of responses and burden hours, the estimates cannot be confirmed with any degree of certainty to totally rely on the information.

Based on consultation with a Government subject matter expert (SME) the estimated burden of 175 hours per response is consider

a reasonable average for all submissions associated with the requirements of this collection. The Government SME also confirmed that the 2.27 responses per respondent reflects a reasonable average over the course of a year, as some contractors may not have any cost accounting practice changes while others could have up to four or five.

The estimated annual reporting burden is increased from that published in the Federal Register at 75 FR 3236, on January 20, 2010. Based on data from the Federal Procurement Data System for fiscal year 2011, an upward adjustment is made to the estimated annual reporting burden, which reflected an increase in the number of respondents. However, the estimated number of hours per response and the estimated number of responses per respondent remains unchanged based on consultation with the Government SME. At any point, members of the public may submit comments for further consideration, and are encouraged to provide data to support their request for an adjustment.

9. Explanation of any decision to provide any payment or gift to respondents, other than reenumeration of contractors or guarantees. Not applicable.

10. Describe assurance of confidentially provided to respondents. This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. Additional justification for questions of a sensitive nature. No sensitive questions are involved.

12 & 13. Estimated total annual public hour and cost burden.

Annual Reporting and Recordkeeping Burden

Number of Respondents.....		1,288
Responses per Respondent.....	x	<u>2.27</u>
Total Responses.....		2,924
Hours per Response.....		<u>175.00</u>
Total Hours.....		511,700
Average Wages per Hour.....		<u>\$48.95</u>
Total Reporting Cost.....		\$25,047,715

14. Estimated cost to the Government. It is estimated that it takes approximately 120 hours per proposal for the Government to review.

Review Time/Hrs.	120
Total Responses.....	<u>1,288</u>
Total Review Time/Hrs.....	154,560
Average Wages Per Hr.....	<u>\$48.95</u>
Total Government Cost ...	\$7,565,712

Recordkeeping burden is estimated at zero hours per respondent. The records maintained to provide this information are no more than required by normal business practice.

15. Explain reasons for program changes or adjustments reported in Item 13 or 14. This submission requests an extension of OMB approval of an information collection requirement in the FAR. The FAR requirement remains the same. However, this submission reflects a significant increases in the number of responses (644 to 1,288). The 1,288 responses for this submission is based upon FPDS data for FY 2011. Additionally, the applicable average hourly rate has been increased from \$32 to \$48.95.

16. Outline plans for published results of information collections. Results will not be tabulated or published.

17. Approval not to display expiration date. Not applicable.

18. Explanation of exception to certification statement. Not applicable.

B. Collection of Information Employing Statistical Methods.

Statistical methods are not used in this information collection.