

THE NEWSLETTER FROM THE BDO GOVERNMENT CONTRACTING PRACTICE

# BDO KNOWS: GOVERNMENT CONTRACTING



## TACKLING THE COMMERCIAL SALES PRACTICE ANALYSIS

By Thomas Fuchs

**On June 23, 2016, the Transaction Data Rule was released, which established a pilot program for a limited subset of Federal Supply Schedules that would eliminate Commercial Sales Practices (CSP) requirements and the Price Reductions Clause (PRC).**

Instead, the contractors would supply monthly sales reports of purchases made by the government. The new approach intends to allow the government to make more informed buying decisions, focus on price analysis and reduce the reporting burden on FSS contractors associated with the CSP and PRC.

While debates will continue around the merits and validity of this rationale, a

significant number of contractors are and will continue to be subject to the CSP requirements. For some, this is because their product or service is not part of the pilot program covered by the new rule and the elimination of the CSP simply isn't a reality at this time. For a large majority of contractors, although their Schedule may be part of the pilot program, given that the "contracting officer is responsible for ensuring pricing is fair and reasonable," the need to provide detailed information supporting a proposed price may still exist.

Although the government is supposed to rely on improved price analysis—especially by comparing pricing contained in similar or parallel agreements to the Federal Supply Schedule (FSS) for the same or similar products or services or commercial data sources regarding market pricing—purchasing

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agencies can request additional data to support the “fair and reasonable” price determination.

In these situations, such additional data has yet to be defined further, but given the relevance of the CSP to the FSS program—and its continued use in all FSS groups not within the pilot—it is unlikely the CSP will be fully eliminated anytime soon. As such, ensuring the appropriate efforts are applied to CSP preparation is still critically important to the FSS environment, regardless of the format the data may ultimately take.

At times, CSP disclosures can seem completely foreign to companies unfamiliar with the process and its potential pitfalls. But once you’re conversant with all the steps, the task is less daunting.

### THE BASICS

FSS agreements exist to provide a simplified purchasing process for the government to acquire commercial, non-specialized items at the best possible price. The FSS program doesn’t cover highly specialized products or services, or anything for which the government is the only buyer. The government’s main goal is to maximize the use of its funds—taxpayer dollars—and seek prices that reflect the size of its purchasing power. This often translates to demand for significant discounts. However, the FSS program imposes a number of requirements on prospective contractors that differ significantly from the process of working with a commercial customer.

The most favored customer (MFC) pricing objective associated with the FSS program is a compelling example of this scenario. Its stated objective is “to obtain the offeror’s best price (the best price given to the most favored customer). However, the government recognizes that the terms and conditions of commercial sales vary and that there may be legitimate reasons why the best price is not achieved.” The government only deviates from this under a few conditions, including a “fair and reasonable” negotiated price, or if the award is otherwise in the government’s best interest.

### WHY IS THE CSP ANALYSIS IMPORTANT?

The CSP is the foundation for Contracting Officers to determine if the proposed price for a good or service is reasonable, and document their ability to obtain MFC pricing for a particular agreement. This evaluative process requires contractors to disclose substantial pricing data.

To meet the standards set by the FSS, CSP disclosures must be current, accurate and complete, which means they must cover all pricing that is equal to or better than the price offered to the government for all items proposed for the contract. The information must be kept as up to date as possible prior to the award.

The information provided must also include all customers with limited exceptions. Traditionally, purchases made by the government can be excluded from the CSP data pool, as can those transactions that are outside the intended geographic scope of the contract and any inter-/intra-company transfers. The intention is for the contractor to disclose actual sales at the transaction level, considering all discounts, sales volume incentives, free on board (FOB) terms and any other concessions that influence pricing.

The information compiled for the preparation of the CSP is also used to identify the “basis of award” customer that most closely matches the government’s purchasing patterns. This customer is used to manage compliance with certain provisions of the PRC.

### CSP VS. NON-COMMERCIAL GOVERNMENT OR TRADITIONAL COMMERCIAL CONTRACTING REQUIREMENTS

The biggest difference between the CSP and non-commercial pricing is that under the FSS program, the cost or profit associated with a particular price is irrelevant. The relative profit—or loss—associated with a particular price has no bearing on the government’s willingness to forgo what is otherwise an MFC price for the FSS contract price.

If the government is purchasing a good or service considered “commercial,” it has limited ability to access information about the relative cost. Therefore, it lacks the ability to audit the numbers behind the cost to determine whether it’s paying the best price, and the profitability of a commercial item isn’t a factor in FSS agreements.

### GATHERING AND ANALYZING DATA

A comprehensive and compliant CSP requires a detailed data set at the transaction level to identify the MFC, and invoices are typically a large component. For some companies, the invoices clearly map product A to price A due to their straightforward pricing model. However, other organizations may have a much more complex pricing model and/or a product or service that has multiple attributes that drive not only the list price, but which discounts are applied to which components of the final product or solution. In many cases, the invoice data needs to be tied to configure/price/quote tools used to manage the pricing processes to obtain the requisite detail.

Filters should be used to identify and segregate the data, using systematic attributes whenever possible to document precisely which pieces of data are used to identify the MFC. Each filter should have a clear purpose and description within the overall narrative to allow the reader to discern which data was used, along with what was removed and why, to arrive at the narrower set of transactions used to identify the MFC. Data mining is also a useful tool when gathering information for CSP analysis.

### WHAT IF THE CSP ISN’T UP TO SNUFF?

Contractors can face significant liability if they fail to provide a thorough, accurate and complete CSP analysis, including retroactive price reductions, allegations of defective pricing, civil and/or criminal litigation, contract termination or suspension/debarment. Contractors can even face a False Claims Act suit or other large settlements.

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The government protects its access to CSP data through pre- and post-award audits. Pre-award audits intend to confirm the submitted information's completeness and determine whether it's appropriate for use in price negotiations. Weaknesses or discrepancies can be resolved before any transactions are priced based on the data. Post-award audits intend to ensure the agreement was based on complete and accurate information. Pre-award review of a new CSP submission can trigger a post-award review of the predecessor contract if new concerns arise about the quality of that CSP.

### CONTRACTOR CHALLENGES WITH CSP ANALYSIS

The CSP establishes whether "the discounts and any concessions a contractor offers the government are equal to or better than the best price (discounts and concessions in any combination) offered to any customer acquiring the same items regardless of quantity or terms and conditions [other than to authorized government contract users]."

A company might offer a one-time pricing deal to build loyalty in a priority customer, for new market introductions or another rationale outside of normal practices, and the price offered to the GSA may not be equal to or better than that price.

In order for the Contracting Offer to accept a less-favorable-than-MFC price, it needs to understand (via a written narrative from the company) the differences between the MFC and offered price, and have documented explanation as to why that price wasn't used or accepted. Items to consider include: length of contract, volume of purchases, warranties, training and maintenance, ordering information, delivery practices and enforcement of purchasing terms.

It's important that CSP preparation goes beyond a sales reporting exercise. CSP preparation should:

- ▶ Compare proposed FSS pricing to the prices paid by the government historically for the same or similar items. Document and present previous cases where the

same item was sold to the government on a commercial basis.

- ▶ Construct a robust discount narrative that tells the story of how the pricing works for the disclosed data. The narrative should support and tie to the granular data for each offered product; and
- ▶ Show some distinctions among customers who receive different prices or discounts with a frequency distribution illustration or other analytical support within the narrative to show "exceptions" really are not the norm. This will help the GSA understand the price it's entitled to.

### IN CONCLUSION

Understanding the importance of and steps for creating and maintaining a CSP disclosure is important for both first-time and experienced contractors. While the stakes are high, a detailed, comprehensive CSP disclosure is an important component for maintaining compliance and ensuring smooth operations from pre- to post-award.

Although efforts are underway to streamline the amount of data required under the FSS program via regulatory updates like the Transactional Data Rule, it's still important that FSS contractors be able to justify and defend their determination of a fair and reasonable price.



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# FISCAL YEAR 2015 DCAA ANNUAL REPORT TO CONGRESS – WHAT YOU NEED TO KNOW

By Marc Johnson



**The Defense Contract Audit Agency (DCAA) exists to provide audit and financial advisory services to the Department of Defense (DOD) and other federal agencies responsible for acquisition and contract administration.**

DCAA's role in the financial oversight of government contracts is critical to ensuring federal agencies obtain the best value for every dollar spent on defense acquisition. DCAA recently released its Fiscal Year (FY) 2015 Annual Report to Congress as required by 10 U.S.C Section 2313a. The Annual Report highlights DCAA's key successes, audit performance, industry outreach activities and recommended actions to improve the audit process.

## DCAA'S STRENGTHS AND WEAKNESSES IN 2015:

In FY 2015, DCAA's top priority was reducing its backlog of incurred cost submissions. Part of this effort included fostering an open dialogue about what constitutes an adequate accounting system, which has

helped reduce inadequacies found by DCAA audits. DCAA made significant progress toward reducing the backlog, achieving an 18 percent reduction from 2014 to 2015 and a 21 percent reduction the year prior.

In addition to its efforts to improve the audit process, DCAA is contending with staffing and budget challenges. As a result of the National Defense Authorization Act (NDAA), DCAA is in a hiring freeze, contributing to the organization's staffing troubles.

## HIGHLIGHTS FROM THE 2015 ANNUAL REPORT INCLUDE:

- ▶ Net savings from total audited dollars was \$3.1 billion, marking the fifth consecutive year DCAA returned over \$3 billion in government savings.
- ▶ The return on taxpayers' investment was approximately \$4.80 for each dollar invested, which in turn led to savings the DOD can return to the Treasury or reinvest in other programs.
- ▶ DCAA performed 4,546 audits, the majority of which were incurred cost

submission audits (**42 percent**) or special/other (**38 percent**) audits.

- ▶ Highest priority audits were those related to **forward pricing and incurred cost submissions**.
- ▶ DCAA reports a reduction in average elapsed days to execute audits, with the most significant reduction among audits categorized as "other." Overall, DCAA is experiencing 124 average elapsed days, a significant drop from 2015 levels (883 days).
- ▶ DCAA reports an increase of 4.2 percent in questioned costs sustained from FY 2014 to 2015:
  - \$11.7 billion questioned costs in FY 2015, down from \$12.3 billion in FY 2014, and
  - \$5.9 billion questioned costs **sustained** in FY 2015, up from \$5.7 billion in FY 2014.

DCAA also provides a summary of two specific outreach programs it engaged in during FY 2015 related to major contractors and small businesses:

- ▶ DCAA has been working with an industry volunteer to explore how the agency might leverage the information contractors already prepare for Sarbanes-Oxley (SOX) corporate financial statement audits. Contractors have asserted that there is significant duplication of efforts among financial statement auditors, internal auditors and contract costs auditors. DCAA began a pilot program with an industry volunteer to investigate how information prepared for SOX audits could be leveraged for DCAA business system audits.
- ▶ Additionally, DCAA reported a continued outreach to the small business community to clarify audit expectations, offer guidance and training, provide opportunities for discussion and gather feedback on additional ways to provide assistance.

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## DCAA ANNUAL REPORT

### KEY REPORT TAKEAWAYS:

Overall, DCAA reported positive data for FY 2015, perhaps most notably its significant reduction in the incurred cost submission audit backlog. As a result, more contractors will be able to close their incurred cost audits from the past year and reallocate resources to current and future audit requests.

"Outreach to the contracting community continues to be a top priority for us," said Ken Saccoccia, a deputy director at DCAA. "Our auditors are really committed to engaging contractors and contracting officers throughout the audit cycle, which consistently results in a better understanding of issues and expectations, increased responsiveness and greater efficiencies for everyone involved. For example, when contractors provide their support for multiyear audits, we're more efficient in completing the audit and contracting officers can close out contracts more quickly. These increases in communication, cooperation and audit support have been key drivers for the major progress we've made in getting current on incurred cost."

Because DCAA has not considered leveraging SOX documentation since the initial assessment performed when SOX was enacted, the major contractor outreach program will be something to watch. If DCAA leverages SOX documentation going forward and includes it within its audit program, it may be beneficial in streamlining the audit approach for contractors and eliminating some of their administrative burden.

Illustrated by the improvement in overall backlog, total savings for taxpayers exceeding \$3 billion for the fifth year in a row and the return on investment to the DOD, 2015 was a positive year. In the year ahead, keep an eye on DCAA's outreach to small business, potential impacts of the NDAA hiring freeze and what information DCAA may be able to leverage from SOX.



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## ALERT: NEW BILL WOULD ENCOURAGE GREATER COMPETITION & INNOVATION IN DOD IT PROCUREMENTS

U.S. Sen. Mark R. Warner (D-Va.) and U.S. Sen. Mike Rounds (R-S.D.) have introduced S.2826, the Promoting Value Based Defense Procurement Act. The legislation would ensure the DOD seeks the best overall value for complex information technology and engineering services procurements by revising the guidelines for using DOD's existing Lowest Price, Technically Acceptable (LPTA) evaluation criteria.

### PURPOSE

The bill directs DOD to avoid, if possible, the use of LPTA source selection criteria when the procurement is predominantly for the acquisition of information technology services, systems engineering and technical assistance services, or other knowledge-based professional services such as cybersecurity.

According to Warner, "[Relying on LPTA] provides no incentive for DOD to seek out the most innovative IT and engineering solutions, especially important as we are working to encourage more innovation in cybersecurity."

The Honorable Frank Kendall, Under Secretary of Defense for Acquisition, Technology and Logistics, told lawmakers he is concerned that countries such as China and Russia are expanding their technological capabilities at a much faster rate than the United States. In addition, Silicon Valley executives have expressed their frustration with the current LPTA process. The tech leaders point out that the least expensive option may not be the best overall value for DOD for more complex procurements if it doesn't encourage participation by private sector partners who may provide more innovative products and services.

### HOW WILL THIS IMPACT CONTRACTORS?

Using the current LPTA process, the contract is awarded to the lowest-price bidder meeting a defined set of minimum technical requirements. However, for more complex procurements, such as IT services, technical requirements are often harder for DOD to fully define. S.2826 would update the Defense Federal Acquisition Regulation Supplement (DFARS) to restrict the use of LPTA to acquisitions where DOD would obtain no benefit from a more expensive solution or where subjective comparison between bids is not relevant.

Specifically, DFARS would be updated to require that LPTA source selection criteria are used only in the following situations:

1. DOD is able to comprehensively and clearly describe the minimum requirements expressed in term of performance objectives, measures and standards that will be used to determine acceptability of offers;
2. DOD would realize minimal or no value from a contract proposal exceeding the minimum technical or performance requirements set forth in the Request for Proposal;
3. The proposed technical approaches will require minimal or no subjective judgment by the source selection authority as to the desirability of one offeror's proposal versus a competing proposal;
4. A review of technical proposals of offerors other than the lowest bidder would result in minimal or no benefit to the DOD; and
5. The contracting officer has included a justification for the use of an LPTA evaluation methodology in the contract file, if the contract to be awarded is predominantly for the acquisition of information technology services, systems engineering and technical assistance services, or other knowledge-based professional services.

# REGULATORY UPDATE

This regulatory update contains the latest proposed and final rules from both the Federal Acquisition Regulations (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS). It also includes other relevant updates, such as Executive Orders and guidance issued from both the Defense Contract Audit Agency (DCAA) and Defense Contract Management Agency (DCMA).

## PROPOSED DFARS

[NDIA Comments on DFARS Case 2016-D002, Proposed Rule, "Enhancing the Effectiveness of Independent Research and Development"](#)

**Key Details:** The proposed rule should:

- ▶ Explicitly state that the new requirements only apply to unclassified independent research and development (IRAD) projects.
- ▶ Adequately define the technical and operational term for DOD government employee.
- ▶ Consider requiring that all government employees who conduct a technical interchange sign a nondisclosure agreement with the company providing the proprietary data.
- ▶ Make mandatory technical interchanges explicitly unallowable.
- ▶ Clarify what recourse the contractor has if the DOD government employee indicates that a proposed IRAD project is not of interest to DOD.

**Release:** 4/14/16

[DFARS Proposed Rule: Costs Related to Counterfeit Electronic Parts](#)

**Key Details:** DOD is proposing to amend the DFARS to implement section 885(a) of the National Defense Authorization Act (NDAA) for FY 2016 (Pub. L. 114-92), which provides that the costs of counterfeit parts or suspect counterfeit parts and the cost of rework or

corrective action that may be required to remedy the use or inclusion of such parts may be allowable if:

- ▶ The counterfeit electronic parts or suspect counterfeit electronic parts were obtained by the contractor in accordance with the regulations described in paragraph (c)(3) of section 818 of the NDAA for FY 2012, as amended;
- ▶ The contractor discovers the counterfeit electronic parts or suspect counterfeit electronic parts; and
- ▶ The contractor provides timely notice to the government (i.e., within 60 days after the contractor becomes aware).

A final rule is in process under DFARS Case 2014-D005, Detection and Avoidance of Counterfeit Parts—Further Implementation, to implement section 818(c)(3) of the NDAA for FY 2012, as amended. A proposed rule was published under DFARS Case 2014-D005 in the Federal Register on Sept. 21, 2015 (80 FR 56939). The final rule under this case 2016-D010 will not be published until after publication of the final rule under DFARS Case 2014-D005.

**Release:** 3/25/16

[DFARS Proposed Rule: Treatment of Interagency and State and Local Purchases](#)

**Key Details:** DOD is proposing to amend the DFARS to implement section 897 of the NDAA for FY 2016 (Pub. L. 114-92). Section 897, entitled "Treatment of Interagency and State and Local Purchases," provides that contracts executed by DOD as a result of the transfer of contracts from the GSA or for which DOD serves as an item manager for products on behalf of GSA shall not be subject to the requirements under 10 U.S.C. chapter 148 (National Defense Technology and Industrial Base, Defense Investment, and Defense Conversion), to the extent that such contracts are for the purchase of products by other federal agencies or state or local governments. 10 U.S.C. chapter 148 includes domestic source restrictions at 10 U.S.C. 2533a (Berry Amendment), 10 U.S.C. 2533b (specialty metals), and 10 U.S.C. 2534 (miscellaneous domestic source restrictions), which are implemented in DFARS subpart 225.70 as follows:

- ▶ 225.7002 (Berry Amendment)
- ▶ 225.7003 (specialty metals purchased directly by DOD, or aircraft, missile or space systems, ships, tank or automotive items, weapon systems, or ammunition containing specialty metals)
- ▶ 225.7004 (buses)
- ▶ 225.7005 (certain chemical weapons antidotes)
- ▶ 225.7006 (air circuit breakers for naval vessels)
- ▶ 225.7010 (certain naval vessel components)

**Release:** 3/25/16

[DFARS Proposed Rule: Prohibition on Use of Any Cost-Plus System of Contracting for Military Construction and Military Family Housing Projects](#)

**Key Details:** DOD is proposing to revise the DFARS to implement section 2801 of the NDAA for FY 2012 (Pub. L. 112-81). Section 2801, entitled "Prohibition on Use of Any Cost-Plus System of Contracting for Military Construction and Military Family Housing Projects," amends section 2306 of title 10, United States Code (U.S.C.), by prohibiting any form of cost-plus contracting for military construction projects or military family housing projects.

**Release:** 3/25/16

## FINAL DFARS

[New Final Rule Amends the FAR to Require Basic Safeguarding of Contractor Information Systems](#)

**Key Details:** The GSA, DOD and NASA published a Final Rule entitled Basic Safeguarding of Contractor Information Systems. The Rule establishes basic safeguarding measures that are generally employed as part of "routine" business practices, and does not affect other specific information safeguarding requirements relating to Controlled Unclassified Information (CUI) or classified information. The rule "is just one step in a series of coordinated regulatory actions being taken or planned to strengthen protections of

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information systems." It is likely that future rulemaking will move the industry further towards implementing the NIST safeguards for contractor information systems.

**Release:** 5/16/2016

### [DFARS Final Rule: Warranty Tracking of Serialized Items](#)

**Key Details:** DOD had published a proposed rule in the Federal Register at 80 FR 58671 on Sept. 30, 2015, requiring use of the electronic contract attachments accessible via the Product Data Reporting and Evaluation Program to record and track warranty data and source of repair information for serialized items. No public comments were submitted in response to the proposed rule. DOD is now issuing a final rule amending the DFARS to require use of the electronic contract attachments accessible via the Product Data Reporting and Evaluation Program to record and track warranty data and source of repair information for serialized items.

**Release:** 3/25/16

### [DFARS Final Rule: Clauses with Alternates – Small Business Programs](#)

**Key Details:** DOD is issuing a final rule amending the DFARS to clarify clauses and their prescriptions for small business programs and to create basic and alternate clauses structured in a manner to facilitate use of automated contract writing systems. This final rule provides the basic clause at 252.219-7003, Small Business Subcontracting Plan (DOD Contracts), in full text as well as the alternate to the basic clause in full text, instead of only reflecting the paragraphs that are different. The clause at DFARS 252.219-7010, now titled "Notification of Competition Limited to Eligible 8(a) Concerns—Partnership Agreement" is modified to incorporate Federal Acquisition Regulation (FAR) clause 52.219-18 and its two alternates into the existing clause at DFARS 252.219-7010. Three editorial changes were made to the proposed rule to:

- ▶ Correct a typographical error
- ▶ Update how the basic clause and alternate clause for 252.219-7003 are displayed at 212.301

- ▶ Spell out the acronym "eSRS" in the DFARS basic and alternate clause 252.219-7003

**Release:** 3/25/16

### [DFARS Final Rule: Buy American and Balance of Payments Program \(Clause Prescription\)](#)

**Key Details:** DOD is issuing a final rule amending the DFARS to clarify how the clause prescription addresses applicability when an exception to the Buy American statute or Balance of Payments Program applies. It had published the corresponding proposed rule in the Federal Register at 80 FR 72672 on Nov. 20, 2015, to revise the DFARS to clarify when it is appropriate to omit DFARS clause 252.225-7001 with regard to exceptions to the Buy American statute and Balance of Payment Program. There were no public comments submitted in response to the proposed rule. There are no changes from the proposed rule made in the final rule.

**Release:** 3/25/16

### [DFARS Final Rule: Extension and Modification of Contract Authority for Advanced Component Development and Prototype Units](#)

**Key Details:** DOD is issuing a final rule amending DFARS to implement a section of the NDAA for FY 2015 that amended a section of the NDAA for FY 2010 to extend and modify contract authority for advanced component development and prototype units. DOD published its corresponding proposed rule on Nov. 20, 2015, which added "or initial production" to the text and allowed for inclusion of a contract line item for advanced component development and prototype units to go to initial production without further competition. The rule also proposed to amend DFARS 234.005-1(2) to extend this authority to Sept. 30, 2019. There were no public comments submitted in response to the proposed rule. There are no changes from the proposed rule made in the final rule.

**Release:** 3/25/16

## PROPOSED FAR

### [Central Contractor Registration, FAR Submission for OMB Review](#)

**Key Details:** The FAR agencies are seeking Office of Management and Budget (OMB) approval to reauthorize information collection related to the policies and procedures for requiring contractor registration in the Central Contractor Registration (CCR) database. Vendors are required to complete a one-time registration to provide basic information relevant to procurement and financial transactions, and must update or renew their registration at least once per year to maintain an active status.

**Release:** 4/18/16

### [Use of Project Labor Agreements for Federal Construction Projects, FAR Submission for OMB Review](#)

**Key Details:** The FAR agencies are seeking OMB approval to reauthorize information collection related to FAR clause 52.236-13, Accident Prevention. The clause requires federal construction contractors to keep records of accidents incident to work performed under the contract that result in death, traumatic injury, occupational disease or damage to property, materials, supplies or equipment.

**Release:** 4/18/16

## FINAL FAR

### [Information on Corporate Contractor Performance and Integrity, FAR Final Rule](#)

**Key Details:** DOD, GSA, and NASA are issuing a final rule amending the FAR to implement section 852 of the NDAA for FY 2013 to include in the Federal Awardee Performance and Integrity Information System (FAPIS), to the extent practicable, identification of any immediate owner or subsidiary, and all predecessors of an offeror that held a federal contract or grant within the last three years. The objective is to provide a more comprehensive understanding of the performance and integrity of the corporation before awarding a federal contract.

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**Release:** 3/7/16

### [NASA Suspending and Debarring Official, NASA FAR Final Rule](#)

**Key Details:** NASA is issuing a final rule to amend the NASA FAR Supplement to change the role of NASA suspending and debarring official from the assistant administrator for procurement to the deputy general counsel in addition to other editorial changes.

**Release:** 3/9/16

### [Simplified Acquisition Threshold for Overseas Acquisitions in Support of Humanitarian or Peacekeeping Operations, FAR Final Rule](#)

**Key Details:** DOD, GSA and NASA are issuing a final rule to amend the FAR to implement a section of U.S. Code which establishes a higher simplified acquisition threshold for overseas acquisitions in support of humanitarian or peacekeeping operations. The threshold has been increased from \$150,000 to \$300,000.

**Release:** 5/16/16

## OTHER

### [House Committee Releases 2017 NDAA](#)

**Key Details:** The House Armed Services Committee on Monday published H.R. 4909, the National Defense Authorization Act for FY 2017. The bill includes a package of acquisition reforms, addressing intellectual property and oversight bureaucracy while increasing the role of services chiefs in acquisitions. The bill also calls for reviews of the bid protest system and contractual flow-down provisions.

According to a summary published by HASC, "To help simplify and improve program management, the Proposal will further define the responsibilities for acquisition between DOD and the Services. It would give the Secretary more tools to manage and approve cost, schedule, and technological risk for major acquisition programs. It would also set upfront conditions for cost and schedule and then hold the Service accountable."

To see a summary of the FY 2017 NDAA click [here](#).

**Release:** 4/22/2016

### [Senate Armed Services Committee Proposes CAS Board](#)

**Key Details:** The Senate Armed Services Committee is concerned that current cost accounting standards favor incumbent defense contractors and limit competition by serving as a barrier to participation by nontraditional, small business, and commercial contractors. To level the competitive playing field and access new sources of innovation, it is in the government's interest to adopt more commercial ways of contracting, accounting and providing oversight.

**Release:** 5/25/16

### [Notice of Proposed Rulemaking on Establishing Paid Sick Leave for Federal Contractors](#)

**Key Details:** Instead of requiring an employer to calculate its employees' paid sick leave accrual weekly, "the proposed rule should be modified to require an employer to calculate its accruals on a biweekly or semi-monthly basis instead." The proposed rule would also allow the employer to use biweekly or semi-monthly accrual calculations to provide employees a sick leave balance, as opposed to providing the balance any time sick leave is requested.

**Release:** 4/12/16

### [Information Collection 9000-0129, "Cost Accounting Standards Administration"](#)

**Key Details:** The National Defense Industrial Association has issued a recommendation that the government convert current Disclosure Statements from paper to an online, secure database. Some improvements to this end would include no longer having a cumbersome Microsoft Word document that take more time to format than fill out, as well as using the new electronic database to automatically track all changes made by contractors, which would make review

process easier for both contractors and the government.

Other recommendations include streamlining notification protocol for CAS changes, providing a regulatory option for evaluating and negotiating cost impacts in arrears, streamlining the cost impact resolution protocol at FAR 30.606(a)(3), and eliminating the government's ability to double-recover costs under FAR 30.604(h).

**Release:** 4/11/16

### [GAO Proposes Updates to Bid Protest Regulation, Including New Filing Fee and Electronic Docketing System](#)

**Key Details:** The Government Accountability Office is proposing several revisions to its bid protest regulations, including the introduction of a new mandatory electronic docketing system and a protest filing fee meant to support that system. The proposed rule makes other changes as well, including a clarification of GAO's 10-day filing deadline for challenges to a solicitation when there is no solicitation closing date or when no further submissions in response to the solicitation are anticipated.

**Release:** 4/15/16



# SIGNIFICANT ACCOUNTING & REPORTING UPDATES

## FASB Issues Narrow Scope Improvements and Practical Expedients for New Revenue Standard

In May 2016, the FASB issued ASU 2016-12 amending the new revenue recognition standard that it issued jointly with the IASB in 2014. The amendments do not change the core principles of the standard, but clarify the guidance on assessing collectability, presenting sales taxes, measuring noncash consideration and certain transition matters. The ASU becomes effective concurrently with ASU 2014-09.

## FASB Clarifies Identifying Performance Obligations and Licenses Guidance in the New Revenue Recognition Standard

In April 2016, the FASB issued ASU 2016-10, amending the new revenue recognition standard that it issued jointly with the IASB in 2014. The amendments do not change the core principles of the standard, but clarify the accounting for licenses of intellectual property, as well as the identification of distinct performance obligations in a contract. The ASU becomes effective concurrently with ASU 2014-09.

## FASB Issues ASU to Simplify the Accounting of Stock Compensation

In March 2016, the FASB issued ASU 2016-09 to simplify the accounting for stock compensation by simplifying several aspects of the guidance in Topic 718 and other related guidance. The amendments apply to all public and nonpublic entities covering the areas of accounting for income taxes upon vesting or exercise of share-based payments and related EPS effects, classification of excess tax benefits on the statement of cash flows, accounting for forfeitures, liability classification exception for statutory tax withholding requirements, cash flow presentation of employee taxes paid when an employer withholds shares for tax-withholding purposes and elimination of the indefinite deferral in



Topic 718. The amendments on expected term of awards and intrinsic value election for liability-classified awards apply only to nonpublic entities.

The amendments are effective for public business entities for annual periods beginning after Dec. 15, 2016, and interim periods within those annual periods. For all other entities, the amendments are effective for annual periods beginning after Dec. 15, 2017, and interim periods within annual periods beginning after Dec. 15, 2018. Early adoption is permitted.

## FASB Issues Updates to Clarify Principal versus Agent Revenue Recognition Considerations

In March 2016, the FASB issued updates to the new revenue standard by clarifying the principal versus agent implementation guidance, but does not change the core principle of the new standard. The updates to the principal versus agent guidance:

- ▶ Require an entity to determine whether it is a principal or an agent for each distinct good or service (or a distinct bundle of goods or services) to be provided to the customer;

- ▶ Illustrate how an entity that is a principal might apply the control principle to goods, services or rights to services, when another party is involved in providing goods or services to a customer;
- ▶ Clarify that the purpose of certain specific control indicators is to support or assist in the assessment of whether an entity controls a good or service before it is transferred to the customer, provide more specific guidance on how the indicators should be considered and clarify that their relevance will vary depending on the facts and circumstances; and
- ▶ Revise existing examples and add two new ones to more clearly depict how the guidance should be applied.

The effective date and transition requirements for ASU 2016-08 are the same as the effective date and transition requirements of Topic 606.

## FASB Simplifies Transitioning to the Equity Method of Accounting

In March 2016, the FASB has issued guidance eliminating the requirement to retroactively adopt the equity method of accounting when an investment qualifies for the equity method due to an increase in the level of

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## SIGNIFICANT ACCOUNTING & REPORTING UPDATES

ownership interest or degree of influence. In that situation, the ASU requires an investor to apply the equity method only on a go-forward basis.

The amendments are effective for all entities for fiscal years beginning after Dec. 15, 2016, and interim periods within those fiscal years. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the application of the equity method. Early adoption is permitted.

### FASB Issues ASU on Assessing Embedded Contingent Put and Call Options in Debt Instruments

In March 2016, the FASB has issued guidance on how an entity should assess whether contingent call (put) options that can accelerate the payment of debt instruments are clearly and closely related to their debt hosts. This assessment is necessary to determine if the option(s) must be separately accounted for as a derivative. The ASU clarifies that an entity is required to assess the embedded call (put) options solely in accordance with a specific four-step decision sequence. This means entities are not also required to assess whether the contingency for exercising the option(s) is indexed to interest rates or credit risk. For example, when evaluating debt instruments puttable upon a change in control, the event triggering the change in control is not relevant to the assessment. Only the resulting settlement of debt is subject to the four-step decision sequence.

The amendments are effective for public business entities for fiscal years beginning after Dec. 15, 2016, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after Dec. 15, 2017, and interim periods within fiscal years beginning after Dec. 15, 2018. Early adoption is permitted. However, if an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of that fiscal year.

### FASB Issues ASU on the Effect of Derivative Contract Novations on Existing Hedges

Topic 815 requires an entity to discontinue a designated hedging relationship in certain circumstances, including termination of the derivative hedging instrument or if the entity wishes to change any of the critical terms of the hedging relationship. ASU 2016-05 amends Topic 815 to clarify that novation of a derivative (replacing one of the parties to a derivative instrument with a new party) designated as the hedging instrument would not, in and of itself, be considered a termination of the derivative instrument or a change in critical terms requiring discontinuation of the designated hedging relationship.

The amendments are effective for public business entities for fiscal years beginning after Dec. 15, 2016, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after Dec. 15, 2017, and interim periods within fiscal years beginning after Dec. 15, 2018. Early adoption is permitted.

### FASB Removes Effective Dates of Private Company Accounting Alternatives

In March 2016, the FASB issued ASU 2016-03, which removes the effective dates from the private company accounting alternatives for goodwill, intangible assets, consolidation and derivatives and hedging. This allows private companies to elect the accounting alternatives at any time without a preferability assessment. However, any subsequent change to an accounting policy election would require justification that the change is preferable under Topic 250. The ASU also extends certain favorable transition provisions of the accounting alternatives.

The amendments became effective immediately upon issuance of the ASU.

### FASB Issues Proposal for the Classification of Certain Cash

### Receipts and Cash Payments in the Statement of Cash Flows

The proposed amendments are intended to reduce diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. Specifically, the amendments would clarify:

- ▶ Cash payments for debt prepayment or extinguishment costs would be classified as financing activities.
- ▶ Upon settlement of zero-coupon bonds, the portion of the payment attributable to imputed interest would be classified as an operating activity, while the portion of the payment attributable to principal would be classified as a financing activity.
- ▶ Cash paid by an acquirer that isn't soon after a business combination for the settlement of a contingent consideration liability would be separated between financing activities and operating activities. Cash payments up to the amount of the contingent consideration liability recognized at the acquisition date would be classified as financing activities; any excess would be classified as operating activities.
- ▶ Cash proceeds received from the settlement of insurance claims would be classified on the basis of the related insurance coverage (that is, the nature of the loss).
- ▶ Cash proceeds received from the settlement of corporate-owned life insurance policies would be classified as cash inflows from investing activities. Cash payments for premiums on corporate-owned policies may be classified as cash outflows for investing, operating or a combination of both.
- ▶ Distributions received from equity method investees would be presumed to be returns on the investment and classified as operating, unless the investor's cumulative distributions received exceed cumulative equity in earnings recognized by the investor. When such an excess occurs, it is considered a return of the investment and classified as an investing activity.

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## SIGNIFICANT ACCOUNTING & REPORTING UPDATES

- ▶ A transferor's beneficial interest obtained in a securitization of financial assets would be disclosed as a non-cash activity, and cash received from beneficial interests would be classified as an investing activity.
- ▶ Additional guidance would clarify when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows), versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance.

### EITF Issues Consensus-for-Exposure on Restricted Cash

The EITF proposes to clarify Topic 230 to require that restricted cash be included with cash and cash equivalents in the statement of cash flows. The proposal would eliminate current diversity in practice whereby some entities present receipts and payments of restricted cash in the statement of cash flows, while other entities provide noncash disclosures of these amounts. The EITF also proposes to require reconciliation of the total of cash, cash equivalents and restricted cash per the statement of cash flows to the related captions on the balance sheet. Finally, the EITF proposes to require disclosure of the nature of restricted cash held by an entity, similar to existing disclosure requirements for registrants under Rule 5-02 of SEC Regulation S-X.

### SEC Issues Interim Final Rules Covering Voluntary Summaries in Form 10-Ks

In June 2016, the SEC issued an interim final rule to implement a provision of the Fixing America's Surface Transportation (FAST) Act. The rule adds Item 16 to Form 10-K and specifically permits issuers to voluntarily include a summary in Form 10-K. If an issuer elects to provide a summary, each item within the summary must include a cross-reference via hyperlink to the related, more detailed disclosure in Form 10K. Registrants have historically been permitted

to voluntarily provide information, such as a summary, but the FAST Act requires SEC rulemaking to specifically permit the summary and require the use of cross-referencing.

Item 16 provides registrants with flexibility in preparing the summary and does not specify the summary's length (other than to say it should be brief), location or the disclosure items that should be covered. The summary may only cross-reference information or exhibits that are included in Form 10-K at the time the form is filed. The rule becomes effective when it is published in the Federal Register. The SEC is currently soliciting feedback.

### SEC Updates Compliance and Disclosure Interpretations on Non-GAAP Financial Measures

In May 2016, the SEC updated its Compliance and Disclosure Interpretations (C&DIs) on non-GAAP financial measures. Non-GAAP measures have recently been highlighted as an area of concern by Chair White and the staff, given registrants' extensive use of them and the potential for confusion they may cause. The updates primarily address the nature and presentation of adjustments or measures that may be considered misleading and therefore violate Regulation G or Item 10(e) of Regulation S-K.

### SEC Updates the Financial Reporting Manual

In March 2016, the staff of the SEC's Division of Corporation Finance published an update to the Division's *Financial Reporting Manual* (FRM).

The update amended paragraph 2410.8, which provides guidance on measuring significance of equity method investees under Rules 3-09 and 4-08(g). Previously, when a registrant retrospectively applied a new accounting principle, it was required to re-compute the significance of equity method investees in prior years and re-determine the reporting requirements under Rules 3-09 and 4-08(g) when filing its next Form 10-K. This could trigger the need

for investee financial statements and/or summarized financial data for prior years that had not previously been required. Under the revised guidance, registrants are no longer required to re-compute significance after a change in accounting principle. Registrants should continue to re-compute significance under Rules 3-09 and 4-08(g) for prior periods after a discontinued operation.

In addition, the staff updated Topic 10 to conform it to the FAST Act, which amended certain securities laws which impact emerging growth companies, among others.

The staff also added Topic 11 to address reporting issues related to the adoption of the new revenue recognition standard. The guidance summarizes the available adoption dates, transition methods for public and nonpublic business entities and other reporting guidance that the staff had previously informally communicated.

### SEC Publishes Concept Release on Regulation S-K

In April 2016, the SEC published a concept release on Regulation S-K. The release is part of the *Disclosure Effectiveness Initiative*, an ongoing broad-based staff review of the SEC's disclosure rules to consider ways to improve the requirements for companies and investors. The release follows the SEC's request for comment on the effectiveness of certain financial disclosure requirements of Regulation S-X published in September 2015.

The release focuses on the business and financial disclosures that Regulation S-K requires in companies' periodic reports, many of which have not changed since they were first adopted over 30 years ago. Comments should be provided within 90 days following publication of the release in the Federal Register.



## IN CASE YOU MISSED IT: THIRD ANNUAL BDO EXECUTIVE SEMINAR FOR GOVERNMENT CONTRACTORS

On April 28, more than 200 professionals from all areas of the government contracting industry gathered at **BDO's 2016 Executive Seminar for Government Contractors** in McLean, Va., to discuss top-of-mind matters affecting today's contracting landscape. The event was co-hosted with law firm Wiley Rein, Wells Fargo, Deltek and the McLean Group. Esteemed speakers included keynote speaker Rodney Grandon, Deputy General Counsel for the U.S. Air Force; Andy Smith from the McLean Group and Dan Demangos from Deltek, among others.

Speakers and panelists emphasized the industry's current climate of uncertainty tempered with cautious optimism, noting that the accumulation of contracts under review at the Defense Contract Management Agency (DCMA) has shrunk by \$10 billion. Throughout the day, several important themes were discussed, including:

### TACTICAL ADVICE IN THE M&A MARKET

After merger and acquisition (M&A) activity peaked in 2012, budget sequestration and pricing pressures brought on by an LPTA environment led to an uncertain market. During that time, many contractors decided to strategically pull back on M&A, and some experienced C-suite shakeups. Some companies focused on reviewing portfolios more closely or took a more specialized approach to M&A activity, rather than buying

for market share, scale and size as they had in the past. This trend continued into Q1 2016. Primes were active buyers, and the middle market also saw significant activity. Moving forward, strategic buyers could be pursuing high multiples and focusing on specialty service areas including intelligence, big data and analytics, cybersecurity, healthcare IT and C4ISR.

As the industry looks ahead, Smith of the McLean Group emphasized a few trends that may characterize the M&A landscape in the near term, including:

- ▶ The steady clip of today's M&A marketplace is the new normal. The market is expected to see between 130 and 150 transactions per year.
- ▶ Primes will remain active in the market with very specific wish lists.

- ▶ Buyers are feeling the pressure to invest in services companies, but are expected to keep eyeing companies that are purely product-focused.
- ▶ Primes will see continued pressure to spin off their services businesses.
- ▶ Amid scrutiny on set-aside contracts, alternative strategies such as ESOP contracts are gaining momentum.

### FINANCIAL INDUSTRY PERSPECTIVE – IMPOSTER FRAUD

Cyber attacks are a mounting risk for many industries, including—and perhaps especially—government contractors. According to a 2014 AFP Payments Fraud and Control Survey, 61 percent of organizations experienced attempted or actual payments fraud and, of those, 27 percent reported that

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## EXECUTIVE SEMINAR FOR GOVERNMENT CONTRACTORS

the number of incidents increased. There are many types of fraud, including identity, check, ACH, wire and imposter fraud or spear phishing. In many cases, the goal of such schemes is to convince an employee to transfer funds to a fraudulent bank account. Often, fraudsters get away with their scams because of lack of communication and/or training within an organization. One way to combat this is by communicating with staff and letting them know it's okay—encouraged, even—to question payment requests, especially unexpected ones. Training staff to identify certain red flags, such as fake email addresses and inconsistent writing styles is also important. Sharing this information now could avoid significant costs and losses in the long run.

### COMMERCIAL ITEM PRICING – RISKS AND LIABILITIES

Commercial contracting and commercial sales practices (CSP) can be complex and carry a number of risks companies may not have encountered before. When considering commercial item pricing, it's critical for contractors to remain aware of the risks, which can include litigation or loss of a contract. For example, if you are working through a reseller, you are not insulated from liability with regard to commercial sales practices, including commercial item pricing disclosures, uncertified cost or pricing data, price reduction clauses, Services Contract Act and Trade Agreement Act compliance.

Speakers noted a few best practices for commercial contractors navigating an audit of their CSPs, including:

- ▶ Assemble the right team, which can include both an outside consultant and internal finance resources. Typically, GSA schedule administrators are not particularly suited to navigate audits concerning the commercial business.

- ▶ Conduct a data sweep of policies with regard to pricing. A 12-month data sample is recommended across the company, and it's important to leave adequate time to pull the disclosures together.
- ▶ Look at least 12 to 18 months ahead for GSA schedule renewals and schedule a recurring reminder to review and update your CSP, keeping in mind that acquisitions and divestitures can impact it.
- ▶ Be careful in the interim period, when the GSA schedule contract could be modified to include other products not included in the initial CSP.
- ▶ Develop a robust narrative around discounting practices, distinguishing between different types of customers. The goal is to establish a basis of award customer and mitigate the risk of defective pricing or a False Claims Act suit.
- ▶ Identify your full set of transactions and reconcile them with your organization's financials.

### WHAT'S NEXT?

Throughout the day, speakers addressed numerous contractor concerns, including the challenges associated with increasing government scrutiny and best practices and examples of how policies and new regulations are shaping the contracting industry for the better. Ultimately, the event closed on a positive note, with contractors feeling confident that, although risks and hurdles remain for the industry, the future continues to look bright.

### DID YOU KNOW...

According to [Bloomberg Government](#), set-aside contract obligations for small businesses increased 14 percent in 2014, reaching \$58 billion.

Forty percent of U.S. manufacturers cite loss of government contracts, spending or incentives as a risk in their most recent SEC disclosures, according to the [2016 BDO Manufacturing RiskFactor Report](#).

According to the [Onvia Survey of Government Contractors](#), a majority of vendors expect growth in their government sales revenue in 2016-2017.

Washington Technology's [Contractor Confidence Index](#) dropped to 100.5 in Q4 of 2015, down from 101.9 the previous quarter. Overall, 31.1 percent feel the market is headed in a positive direction.

Prime contract spending trended downward in 2015, falling to \$433.8 billion from \$541.5 billion in fiscal year 2011, according to [Bloomberg Government's Contracts Intelligence Tool](#).

# PEerspective in GOVERNMENT CONTRACTING



**The U.S. government's pursuit of contracts on a LPTA basis has**

**pushed margins down significantly in the post-financial crisis environment, driving divestitures of non-core businesses and consolidation between rivals in the government contracting space.**

With defense spending also down 20 percent from its 2010 peak, many government services firms have found they can no longer afford to position themselves as a one-stop shop.

Prime contractors have come under increased pressure to spin off their non-core IT services divisions over the last few years. These businesses may be large and even profitable, but their margins are relatively slim. As such, they are especially vulnerable to government pricing pressures. Separating public sector and technology verticals into independent entities enables both businesses to compete better in the tight budgetary environment without having to tussle over internal resources.

In late 2014, defense contractor Exelis spun off its services unit into a new publicly traded company called Vectrus. Similarly, L-3 Communications spun off its software support, consulting and management services to create Engility in 2012, while Northrop Grumman sold its services unit TASC to private equity groups General Atlantic and Kohlberg Kravis Roberts for \$1.7 billion in 2009.

Given this year's stock market volatility and prolonged IPO drought, selling assets to financial or strategic buyers is currently more appealing than taking them public. The only cyber technology IPO this year to date was Dell's SecureWorks division,

which was spun off largely to help fill a \$10 billion funding gap in Dell's \$67 billion acquisition of EMC. The firm's lackluster debut did not help instill confidence in further tech services IPOs, *Reuters* reports.

In fact, several government services firms have explored IPOs over the last year, but ended up selling off in a private equity transaction instead, according to the *Washington Business Journal*. Alion Science & Technology and PAE both ditched IPO plans to be acquired by Veritas Capital (July 2015) and Platinum Equity (January 2016), respectively.

Low profit margins have also driven pure-play services players to seek scale and synergies through M&A, providing private equity firms with both investment and exit opportunities. Engility acquired TASC from its private equity owners for \$1.1 billion in late 2014. Computer Sciences Corp (CSC) divested its government services division at the end of 2015, merging it with SRA International, to form a new public sector IT services provider, CSRA Inc. SRA's private equity backer Providence Equity retains a minority share in the new firm, which became one of the largest providers of government IT services with a combined revenue of \$5.5 billion, and 19,000 employees, according to the *Washington Business Journal* and *Washington Technology*.

As the divestiture and consolidation trends keep the M&A market active, the government technology services sector will provide interesting takeover targets as well as exit opportunities for private equity firms with an interest in the space.

*PEerspective in Government Contracting is a feature examining the role of private equity in the government contracting industry.*

*Sources: CFO.com, CNBC.com, Defense News, Forbes, Reuters, TechCrunch, Wall Street Journal, Washington Business Journal, Washington Post, Washington Technology*

## **FUTURE PERSPECTIVES: GOVERNMENT CONTRACTING IN THE SECOND HALF**

With the government contracting space continuing to experience low revenue growth, the second half of 2016 will see sustained strong M&A activity. Many in the sector are looking to simultaneously create a competitive advantage and enhance value, leading them to more frequently turn to M&A to add scale, and to pursue tuck-in acquisitions to add portfolio-enhancing assets, according to forecasts published by *Washington Technology*. Additionally, government contractors are likely to continue to forego IPOs in favor of private equity deals, reports *Washington Business Journal*. Investors are expected to focus on niche subsectors with robust budgets and strong valuations, including cybersecurity, intelligence analysis, data analytics, special operations and healthcare IT, predict *CNBC.com* and *Washington Technology*. While deals will remain prevalent, the market isn't likely to see any further mergers between big U.S.-based government contractors due to opposition from Pentagon acquisition chief Frank Kendall, who may put forth official legislation to prevent mergers of top defense firms later this year, notes *Defense News*. Furthermore, the presidential race presents the potential for a slowdown in government contracting M&A as we near Election Day, with investors grappling with uncertainty around candidates' policies. However, *Washington Technology* anticipates that any slowdown would be minor and short-lived, as spending in many areas isn't likely to be affected by a new president.

## MARK YOUR CALENDAR...

### JULY

**July 18-22**

**Hilton Head Government Contracts Week**

The Westin Hilton Head Island Resort  
Hilton Head, S.C.

**July 19-21**

**The Masters Institute in Government Contract Costs**

The Westin Hilton Head Island Resort  
Hilton Head, S.C.

### AUGUST

**August 4-6**

**2016 American Bar Association Section of Public Contract Law Annual Meeting\***

Westin St. Francis Hotel  
San Francisco

**August 8-12**

**Masters Academy: Best Practices in Government Contracting**

Nash & Cibinic Center for Excellence in Government Contracting  
Washington, D.C.

### SEPTEMBER

**Sept. 12-13**

**Best Practices in Subcontracting**

Nash & Cibinic Center for Excellence in Government Contracting  
Washington, D.C.

**Sept. 13**

**Intellectual Property in Government Contracts: Data Rights (& Wrongs)**

Nash & Cibinic Center for Excellence in Government Contracting  
Washington, D.C.

**Sept. 19**

**Cybersecurity Summit for Government Contractors**

Crown Plaza Tysons Corner  
McLean, Va.

**Sept. 26-27**

**Air Force Small Business Contracting Summit**

Kirtland Air Force Base  
Albuquerque, N.M.

### OCTOBER

**Oct. 11-12**

**2016 Navy Small Business Contracting Summit**

Adam W. Hebert University Center  
Jacksonville, Fla.

**Oct. 24-28**

**Government Contract Compliance Week**

Executive Conference and Training Center  
Sterling, Va.

**Oct. 24-28**

**International Government Contracting Week**

Waterview Conference Center at CEB  
Arlington, Va.

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