

Dear Laura -

I want to compliment the Acquisition Advisory Panel and the Commercial Practices Working Group, in particular, for their comprehensive study of the history of commercial acquisition practices by U.S. Government procuring agencies. The April 14, 2006 draft provides an excellent historical overview of the subject, and I believe that it fairly well presents the facts. Although the draft report contains no recommendations, as yet, I believe that the historical overview is a useful baseline for making recommendations in the near future.

The report is almost completely free of obvious biases, and it is in that spirit that I would like to make a small suggestion. On page 2 of the report, in the sentence that discusses concerns held by some about reliance on a cost-based acquisition regulatory scheme, there is a reference used to describe the Cost Accounting Standards (CAS) that I find somewhat troubling. The moniker "government specific Cost Accounting Standards ("CAS")" is used, and I would like to suggest that the words "government specific" be dropped from the text. The phrase "government specific CAS" or "government unique CAS" was an interesting phraseology that began to appear in the 1993-95 timeframe, and was used primarily by various proponents of "acquisition reform" to imply that CAS are somehow unique to government contracting, and have no basis or counterpart in the commercial world. In short, the term, "government unique" suggests a negative quality to CAS requirements. As a former Executive Secretary of the Cost Accounting Standards Board, as well as Acting Deputy Administrator of the Office of Federal Procurement Policy, I am concerned about the negative implication of the phrase "government specific". A review of the literature will illustrate that the CAS Board went out of its way to adopt standards that are based on long-established accounting principles and concepts. A suggestion that "government unique CAS" is somehow "foreign" when compared with other accounting principles or methods used by contractors is inaccurate and misleading. In fact, the CAS Board took great pains to ensure that to the maximum extent practicable, its standards comported with actual accounting practices used by contractors. The primary result of CAS Board rules has been to place a limitation on various GAAP options available to contractors, rather than the development of new or unique accounting principles.

In short, I believe that the phrase "government specific" preceding the term Cost Accounting Standards, should be deleted from the text of the draft. Consciously or otherwise, the term donates a qualitative judgment that is unnecessary to an objective discussion of the subject. Virtually all contracting rules contained in the FAR could just as easily be described as government specific or government unique. Whether these "government unique" rules "add" or "detract" from the efficacy of the contracting process frequently depends upon which side of the bargaining table one is seated on.

Thank you for your consideration of my comments.

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Disclaimer: The views expressed herein are my own, and do not necessarily represent the views of any agency of the U.S. Government.