

**Independent Research and Development
and Bid and Proposal Costs
Incurred by Major Defense Contractors
in the Years 2000 and 2001**



*** * * Prepared by * * ***

**Defense Contract Audit Agency
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This report presents the latest available Defense Contract Audit Agency (DCAA) statistics on the independent research and development (IR&D) and bid and proposal (B&P) costs allocated to defense contracts.

This report includes data on all contractors that meet either the DFAR 231.205-18(a)(iii) or the DCAA definition of a major contractor. These definitions are:

- DFAR 231.205-18(a)(iii):

Major contractor means any contractor whose covered segments allocated a total of more than \$1,000,000 in IR&D/B&P costs to covered contracts during the preceding fiscal year. For purposes of calculating the dollar threshold amounts to determine whether a contractor meets the definition of "major contractor," do not include contractor segments allocating less than \$1,100,000 of IR&D/B&P costs to covered contracts during the preceding fiscal year.

- DCAA definition of a major contractor:

Any contractor that had \$80,000,000 or more in annual auditable costs for the prior fiscal year.

Contractors specifically excluded from this report are construction companies, educational institutions, foreign contractors and overseas operations of U.S. contractors, insurance companies, marine transport contractors, and military medical contractors, since these contracting activities generally incur nominal or no IR&D and B&P costs.

The IR&D and B&P cost data included in this report represents unaudited data obtained from the contractors accounting records. These costs will be audited during DCAA's annual audit of the contractor's incurred costs. The annual audit may disclose significant exceptions to the contractor's recorded IR&D and B&P cost data. The sales data was provided by the contractor and is also unaudited data. The sales data may not be directly comparable to the cost data as a result of the accounting method used by the contractor to recognize sales. For example, if the contractor uses the completed contract method to recognize sales, the entire sales amount for a contract would be recognized in the fiscal year in which the contract was completed, whereas the costs for the contract would be recognized in the years in which they were incurred.

The summary shows the totals of IR&D and B&P costs incurred by all the listed defense contractors during their fiscal years 2000 and 2001, the contractor claimed allowable amounts on all contractor work, and the contractor claimed allowable amounts on DoD contracts. The claimed allowable costs are subject to final audit.