



**THOMAS P. GOGARTY, JR.**  
**CERTIFIED PUBLIC ACCOUNTANT**

| SECTION II - EVALUATION CHECKLIST   |     |    |                |
|---|-----|----|----------------|
| MARK "X" IN THE APPROPRIATE COLUMN (Explain any deficiencies in SECTION I NARRATIVE)  | YES | NO | NOT APPLICABLE |
| 1. EXCEPT AS STATED IN SECTION I NARRATIVE, IS THE ACCOUNTING SYSTEM IN ACCORD WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES APPLICABLE IN THE CIRCUMSTANCES?   |     |    |                |
| 2. ACCOUNTING SYSTEM PROVIDES FOR:  |     |    |                |
| a. Proper segregation of direct costs from indirect costs.  |     |    |                |
| b. Identification and accumulation of direct costs by contract.   |     |    |                |
| c. A logical and consistent method for the allocation of indirect costs to intermediate and final cost objectives. (A contract is final cost objective.)  |     |    |                |
| d. Accumulation of costs under general ledger control.  |     |    |                |
| e. A timekeeping system that identifies employees' labor by intermediate or final cost objectives.  |     |    |                |
| f. A labor distribution system that charges direct and indirect labor to the appropriate cost objectives.   |     |    |                |
| g. Interim (at least monthly) determination of costs charged to a contract through routine posting of books of account.   |     |    |                |
| h. Exclusion from costs charged to government contracts of amounts which are not allowable in terms of FAR 31, Contract Cost Principles and Procedures, or other contract provisions.                                       |     |    |                |
| i. Identification of costs by contract line item and by units (as if each unit or line item were a separate contract) if required by the proposed contract.   |     |    |                |
| j. Segregation of preproduction costs from production costs.  |     |    |                |
| 3. ACCOUNTING SYSTEM PROVIDES FINANCIAL INFORMATION:  |     |    |                |
| a. Required by contract clauses concerning limitation of cost (FAR 52.232-20 and 21) or limitation on payments (FAR 52.216-16).   |     |    |                |
| b. Required to support requests for progress payments.  |     |    |                |
| 4. IS THE 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?   |     |    |                |
| 5. IS THE ACCOUNTING SYSTEM CURRENTLY IN FULL OPERATION?<br>(If not, describe in Section I Narrative which portions are<br>(1) in operation, (2) set up, but not yet in operation,<br>(3) anticipated, or (4) nonexistent.) |     |    |                |