GC 540 — Advanced Finance: FAR Cost Principles, DCAA, CAS, TINA (14-week syllabus)

The undergraduate tier teaches price-to-win as a position. This course teaches the machinery underneath the price: how a cost is built, how the government's cost principles judge it, how the auditors check it, how the standards discipline it, and how the truth-in-negotiation rules make the builder accountable for it. This is the finance course the discipline has always needed and rarely had.

Course number: GC 540 · **Credits:** 3 · **Format:** 14 weeks, one 75-minute session per week (plus reading and a weekly finance artifact). **Audience:** Graduate students in the MS in Capture Management & Government Business Development; pricing analysts, capture managers, and finance professionals. **Prerequisites:** GC 501 (microeconomics) — the cost-floor and risk economics; **recommended** GC 510 (competitive strategy) taken with or before this course (pricing posture). **Texts:** the doctrine and literacy folders of this repository; the course reader of FAR excerpts (cost principles, profit, negotiation) and the standards — all rendered at concept altitude. A spreadsheet is sufficient for all computation. The course is stack-agnostic by design (doctrine/08).

> **A note on the canon.** The pricing discipline in this course is the human rendering of a machine doctrine that encodes the same concepts as versioned rules and formulas. This course teaches the *concepts* — the cost floor, the burden chain, the three pricing anchors, the escalation discipline — never the software that encodes them. If a government inspector, an auditor, or a new tool ever replaced every system this industry uses, nothing in this course would change.

Learning outcomes

By the end of this course, a student can:

- Decompose a government contract's money into cost, fee, and price — and explain which of the three is contested in a given negotiation.
- Distinguish direct from indirect costs and trace a dollar from a labor hour to a fully-burdened billing rate through the burden chain (fringe → overhead → G&A → fee).
- Apply the FAR Part 31 cost principles: a cost is allowable if it is reasonable, allocable, and compliant with the applicable principles — and defend each judgment.
- Explain the role of the Cost Accounting Standards (CAS): what they standardize, when they apply, and what a disclosure statement does.
- Explain the Defense Contract Audit Agency's role across the contract life — pre-award, forward pricing, incurred cost — and prepare for an audit with discipline.

- Apply the Truth in Negotiations Act (TINA): when certified cost or pricing data is required, what the certificate demands, and the consequence of a defective pricing disclosure.
- Build a cost volume at the CLIN/sub-CLIN level: labor, ODCs, travel, subcontracts — each with a justification that survives scrutiny.
- Write a basis of estimate (BOE) for every material cost element: the source, the method, the evidence.
- Set a price-to-win position from the three anchors — competitor band, customer affordability ceiling, cost-plus floor — and enforce a contract-type margin floor with escalation discipline.
- Reconcile the cost volume with the technical volume: the cost-technical reconciliation as the auditable record.
- Govern the financial life of a pursuit: B&P budgets, margin discipline, escalation to the pricing authority, and the record-keeping that outlasts the contract.

Weekly schedule

Week	Theme	In-session (75 min)	Reading / material	Assignment due next week
1	The anatomy of contract money	Cost, fee, price. What the government pays for, what the firm earns, and where the contested numbers live. Why “the price” is the last number built, not the first.	doctrine/05; the pricing canon at concept altitude	One-page anatomy: decompose a real (published, closed) award into cost, fee, and price as best the public record shows.

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2	Direct vs. indirect cost	The direct cost of a contract (labor, ODCs, travel, subs) and the indirect costs that must be recovered (fringe, overhead, G&A). Why the classification matters and who decides it.	the course reader on cost accounting	Classification exercise: take a list of twenty expense items and classify each direct or indirect, with reasoning.
3	The burden chain	Building the fully-burdened rate: fringe on direct labor, overhead on direct + fringe, G&A on the accumulated base, fee at the end. The burden multiplier and what it hides.	the burden-chain canon at concept altitude (the LOE rate composer concept)	Worked problem: build a fully-burdened billing rate from a direct rate and four burden percentages; show each layer.

Week	Theme	In-session (75 min)	Reading / material	Assignment due next week
4	FAR Part 31 cost principles	Allowability, allocability, reasonableness. The three tests and the judgment each requires. Unallowable costs and the traps they set.	the course reader on FAR Part 31; doctrine/04	Case memo: three costs from a real (sanitized) situation — state allowability, allocability, reasonableness for each.
5	Cost Accounting Standards	What CAS standardizes: consistency, accounting for costs, allocation bases. When CAS applies, what a disclosure statement commits to, and the cost of noncompliance.	the course reader on CAS	Comparison memo: how CAS discipline differs from good-enough bookkeeping, and where it binds a firm's pricing flexibility.
6	DCAA and the audit life	The audit agency's role: pre-award reviews, forward pricing, incurred-cost audits. What an auditor looks for and how a firm prepares.	the course reader on DCAA	Preparation memo: build a DCAA-readiness checklist for a firm that prices cost-type work, from provisional rates to the audit.

Week	Theme	In-session (75 min)	Reading / material	Assignment due next week
7	TINA: the truth-in-negotiation rule	Certified cost or pricing data: when it is required, what the certificate attests, and the defective-pricing consequence. The difference between cost data and cost judgment.	the course reader on TINA	Scenario memo: in a fact pattern, identify whether TINA applies, what must be disclosed, and what a defective disclosure would cost.
8	Contract type as financial risk	FFP, T&M, FFP-LoE, CPFF, CPAF, CPIF: who bears cost risk, how fee is earned, and what each does to the margin floor.	doctrine/05; the contract-type and margin-floor canon at concept altitude	Matrix: for each contract type, the risk to the firm, the fee mechanism, and the floor that protects the firm.
9	Midterm	In-class: given a case cost structure, classify, build the burden chain, apply the principles, and state the TINA posture.	(review weeks 1–8)	Midterm submission.

Week	Theme	In-session (75 min)	Reading / material	Assignment due next week
10	Building the cost volume	The CLIN/sub-CLIN structure: labor, ODCs, travel, subcontracts. Each line extended, justified, and reconciled to the technical approach.	the cost-volume canon at concept altitude	Build a cost volume for a case pursuit: CLINs, labor lines, ODCs, travel, subs — every line with a justification.
11	The basis of estimate	A BOE for every material cost element: the rate basis, the hours basis, the escalation basis, the vendor quote. What makes a BOE credible to an auditor.	the BOE canon at concept altitude	Write full BOEs for the three largest cost elements in your cost volume.

Week	Theme	In-session (75 min)	Reading / material	Assignment due next week
12	Price-to-win, with the floor	The three anchors — competitor band, customer affordability ceiling, cost-plus floor. Strategy selection, margin at target, and the escalation ladder when the floor is threatened.	doctrine/05; the price-to-win and floor discipline canon at concept altitude	Pricing memo: set the price-to-win for your case pursuit; show the anchors, the margin at target, and the escalation if the floor fails.
13	Cost-technical reconciliation	The price must be the technical proposal in money. The reconciliation memo as the auditable record linking cost and technical volumes.	the reconciliation canon at concept altitude	Reconciliation memo: prove that your cost volume prices what your (case) technical volume promises.
14	The financial life of a pursuit	B&P budgets, cash flow, margin discipline, and the record that outlasts the contract. Synthesis and panel defense of the pricing volume.	(course synthesis)	Final pricing volume for a case pursuit, defended before a panel that includes a pricing practitioner.

Assessment summary

- **Weekly finance artifacts — 40%.** A cumulative pricing journal: classification, burden chain, principles, CAS/DCAA/TINA postures, cost volume, BOEs.
- **Midterm — 20%.** In-class cost-structure and compliance examination.
- **Final pricing volume + defense — 30%.** A complete, defensible pricing volume for a case pursuit, defended before a panel that probes the numbers.
- **Participation and peer review — 10%.**

The graduate rubric

Criterion	Excellent	Proficient	Developing
Cost accuracy	Numbers are correct, extended, and reconciled	Minor arithmetic or extension errors	Major errors or invented figures
Principle application	Allowability/allocability/reasonableness argued correctly	Mostly correct	Principles ignored or misapplied
Evidence discipline	Every cost element carries a defensible basis	Most elements justified	BOE asserted, not evidenced
Floor discipline	Margin floor enforced with escalation discipline	Floor recognized, escalation weak	Floor ignored or undercut
Integrity	TINA/audit posture is clean and documented	Sound but informal	Unsafe or undocumented

Policies

- **The numbers are the subject.** Fabricated rates, invented quotes, or a BOE without a basis fails the relevant assessment. This course grades the discipline of honest money.
- **Real contracts, safe exercises.** All teaching objects are real, published-and-closed contracts and public records. No live competition, no non-public pricing data.
- **Late work.** An honest early warning beats a silent late submission.

The government does not buy a price; it buys a defensible cost structure that happens to end in a number. This course teaches you to build the structure.