



PACA Pulse

FALL 2011

PROFESSIONAL AEROSPACE CONTRACTORS ASSOCIATION OF NEW MEXICO

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DICK TRASK Memorial Issue

This special issue of the **PACA Pulse** is dedicated to Dick Trask, a founder and long-time board member of PACA. Please see the tribute to Dick beginning on page 3.

Dick Trask
1929 - 2011



President's Corner *By Bill Miera*

PACA lost a true icon when our friend Dick Trask recently passed away. Dick was fully dedicated to PACA and had done so much for the organization since its inception.

Dick was refreshingly blunt but never mean. He touched so many people in a positive way. This was evidenced when I walked into the hospital to visit him after he suffered a massive stroke, and before I had a chance to say anything the receptionist said, "you must be here to visit Dick Trask; he is the most popular person here."

Dick was totally devoted to PACA and was working on securing a speaker for our November luncheon when he suddenly passed away. His wife Kitty called me when Dick was in the hospital to make sure that I knew that the scheduled speaker had cancelled and that I needed to find a replacement.

Dick was a Renaissance man. I had known him for many years but really only knew his professional/defense oriented side until this year when my brother, who

is a jazz guitarist, asked me if I knew a guy named Dick Trask. I was surprised that he had asked about Dick and learned that they were good friends and often played music together. I depended on Dick tremendously and he always came through. I will miss him as the PACA Program Officer but much more as a good friend.

If you would like a CD of some of Dick's music, please call Ginny Buckmelter at 254-3700 or Andy Anderson at 858-0254. PACA will not retain any of the money for the CDs and is doing this as a service.

In other happier news, Carol Yarnall (recently retired from Sandia National Laboratories) has picked up the reins as the Education Chair and is off and running. Thanks Carol. We also extend our thanks to Tony Royle. Tony and his firm, Moss Adams, cheerfully prepared PACA's tax return this year free of charge.

We had a great Holiday party again this year with our Vice President Patricia Knighten hosting. It was a lot of fun, thanks to Patricia. A special thank you to Becky Mullins for taking care of the logistics for the annual event. It was a great start to the holidays.

Everyone, please drive safe this festive season so that we can see you next year! •



Bill Miera

PACA Legislative Special Session 2011 Report

By M. Brian Barnett, PACA Legislative Liaison

The New Mexico Special Legislative Session was held September 6-24, 2011 at the Roundhouse in Santa Fe. The purpose of the Special Session was redistricting which occurs every decade after the national census is taken. Redistricting decisions include U.S. House districts, Public Regulation Commission districts, and New Mexico House and Senate districts. As Governor Martinez stated that she would veto most of this legislation, redistricting will be a court decision.

The following summarizes bills and legislative outcomes of the special session that may be of particular interest to PACA members. For a full listing visit the Bill Locator website at <http://www.nmlegis.gov/lcs/BillFinder.aspx>.



<u>Topic</u>	<u>Legislative Action</u>	<u>Governor or Court Action</u>
Unemployment fund: Shore up solvency of the state's unemployment insurance fund.	PASSED Senate; no action by House	State Supreme Court could resolve
Capital Outlay Bill: Purpose to pass \$213 million in public works projects.	PASSED in reduced form at \$86.5 million in projects	Signed
Contracts: Close a loophole in the "in-state preference" law for bidding on government contracts.	PASSED	Governor signed
Streamlining: Downsize state government.	No action	
Tax Credit: Tweak eligibility language in state's high wage jobs tax credit.	No action	
State House Redistricting.	PASSED House	Governor to veto
Congressional Redistricting.	PASSED Senate; No action House	To be decided in court

Join PACA!

PACA membership annual dues are \$150*. The fiscal year runs from April 1, 2011 to March 31, 2012. Mid-year applications will be pro-rated. You may pay your dues and apply on-line at www.pacanm.org.

For more information, contact Maran Vedamanikam, (Membership Chair), 797-3042 / maran@euroclydon.com

* Dues are subject to change.

Spread the News

If you know a potential member or anyone else who would like to receive the newsletter, please forward their e-mail address to RoSaavedra@msn.com.

This is your newsletter. If you would like to contribute an article, make announcements (promotion, job change, or a new product or service), please submit your newsletter contribution to the editor, Ross Crown, at RCrown@LRLaw.com or call him at 764-5402.

Contributions are welcome! •

Dick Trask: A Remembrance

By Ross Crown

On October 15, 2011, PACA lost a great champion in Dick Trask. A multifaceted individual, his passing at age 82 leaves many voids. A pillar of his church, Dick was a devoted husband to wife Kitty and a beloved father, grandfather, and great-grandfather.

Dick was a virtuoso jazz saxophonist. By the age of 16 he was performing professionally. He continued to play the saxophone throughout his life. Dick was well known in New Mexico's music community as a masterful performer and an inspiration to younger musicians.

A patriot, Dick served his country brilliantly as a gifted analyst and senior technical manager for the Army and Air Force. PACA's Don Nash notes that "Dick devoted himself to ensuring that the armed forces of the United States were equipped and ready to meet the threats of the 1950s through the 2000s." Dick retired from the Air Force in 1984 as a member of the Senior Executive Service. For his contributions, he was honored by the Air Force with the Meritorious Civilian Service Award and the Decoration for Exceptional Civilian Service.

After leaving the Air Force, Dick was selected to open and manage the Albuquerque office of General Research Corporation. Andy Anderson of PACA, who was also Dick's deputy at Wright-Patterson AFB, remembers Dick at GRC as a great program manager who "didn't take crap from anyone," including overbearing generals.

Upon retiring for a second time and leaving GRC, Dick became a highly sought after aerospace consultant, assisting with proposals and testing. He remained an active consultant for the rest of his life. Dick used to say that he would know he was retired for good "when my phone quits ringing." That never happened.

In addition to his many other achievements, Dick had a tremendous impact on PACA. He was one of PACA's founding

fathers. In a history of PACA, written by Dick, he recalled that before PACA "there was no formal process for information gathering and sharing . . . communication between industry reps and the government (both technical and contracting) points of contact was quite informal and consisted primarily of periodic visits by contractor reps to various ongoing government activities to see where potential opportunities might lie."

Dick participated in informal meetings of government contracting personnel and industry representatives for lunch at the Kirtland West Officers Club. The industry folks attending these lunches, who included Dick and present PACA member Roger Hoppe, discussed creating an organization in which aerospace contractors could gather to network, share business opportunities, and solicit briefings from federal and state agencies about new directions. As a result, PACA was born in 1984.

Dick went on to serve PACA as vice-president and its third president. Yet his service to PACA did not stop there. Dick was the sparkplug behind the creation of the Briefing for Industry, PACA's signature event. The BFI brings together defense contracting officials and industry representatives annually for a three-day conference on upcoming defense projects and contract placements. BFI was modeled on an Air Force program that Dick was instrumental in transforming into a cooperative undertaking between the government and contractors.

Dick was always a vital PACA presence. At the time of his death, Dick had served for many years as a member of the BFI committee and as program officer. Where Dick really shined was as program officer. He took over as program officer when his predecessor, Tom Eden, passed away in 1990. For the past 21 years Dick was single-handedly responsible for the monumental task of producing ten speakers per year for the PACA luncheons.

Despite (or perhaps because of) the difficulties of the job, Dick was exceptionally well-qualified to be our program officer. Securing speakers required someone with an intimate knowledge of the government's program offices. Moreover, as a retired SES official, Dick had the ability to walk into any command in search of his often elusive quarry. With Dick's unique combination of charm, credibility, and dogged persistence, he consistently delivered outstanding speakers.



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Dick Trask *continued*

He was also adept at the care and feeding of our speakers — working out their endless last minute scheduling conflicts, entertaining them at lunch and presenting them with speaker gifts (which sometimes included leftover BFI merchandise Dick was trying to get rid of). Perhaps the best tribute to Dick's service as program officer is that he cannot be replaced with just one person. We will need a committee to carry on for Dick.

Dick's importance to PACA went beyond titles. He was the soul of the organization. Dick cared passionately about PACA and its service to industry. Never afraid to speak his mind, Dick could be a fierce advocate. At board meetings when Dick felt PACA was challenged either externally or internally, his protective instincts would instantly kick in. Dick would bolt upright in his chair and then the words would start, first sputtering out and then flowing in a rushing torrent of increasing velocity, all rendered in his inimitable New York accent. In the end, Dick usually saved the day.

Dick was always looking forward. Just three weeks before his death, he and our incoming president, Patricia Knighten, participated in a meeting aimed at forming a network of New Mexico high tech industry associations. Dick was excited by this new possibility. The network will bear fruit in the months and years ahead as one of Dick's many legacies to PACA's members.

No remembrance of Dick would be complete without appreciating his zest for life. A gregarious figure, the life of the party, he was, in a word, fun. This manifested itself in many ways, from the red sports car Dick enthusiastically and sometimes inattentively drove, to the colorful (to say the least) comments that enlivened PACA board meetings, to the political "discussions" that Dick engaged in with gusto. Patricia Knighten recalls seeing Dick for years at PACA meetings and holiday parties. "He was always the bright face — sharply dressed, attending to organizational duties, and greeting everyone, including me, with a sincere and welcoming smile." Dick was a significant influence on Patricia's decision to increase her participation in PACA.

Stuart Purviance of PACA says "Dick was special" and it was Dick's sense of humor that he first noticed. Dick's humor, it seemed to Stuart, "came from an eternal sense of optimism, a positive outlook on life, which he obviously enjoyed to the hilt. My picture of Dick," Stuart recalls, "is him bent over the projector at our PACA luncheons, mumbling to the speaker about some problem and then laughing about it later. I will miss him greatly."

Dick Trask will be missed by all of us in PACA. With his commitment, energy, and personality, Dick played a key role both in PACA's history and its current operations. He truly was PACA's indispensable man. PACA owes much of what it is to Dick. To know Dick was to be enriched by a rare and generous spirit. Thanks, Dick. Thanks for everything.

The song is ended, but the melody lingers on.

~ Irving Berlin. •

Legal Insights: Coping with Government Budget Cuts

By Ross Crown

Reductions in procurement budgets are coming and contractors must be prepared to cope with these cuts. The Department of Defense will be particularly affected. DOD has reduced its requested base budget for fiscal year 2012 by \$13 billion. DOD has also announced a spending

reduction for future years providing for a savings of \$178 billion in FY 2012 to FY 2016. The Budget Control Act of 2011 may require further cuts to procurement spending. Among other things, the Act caps discretionary spending each year for the next decade. If the spending caps are exceeded, the

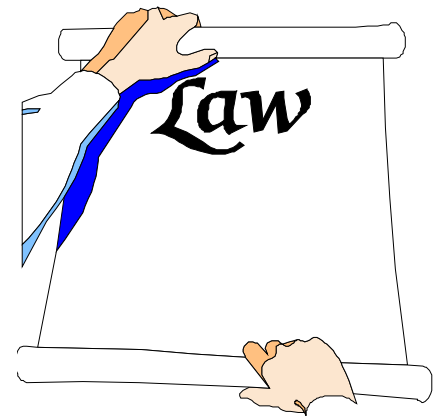
Act imposes an across-the-board cut (a sequester) on discretionary spending (with a permissible exemption for military pay) to eliminate the excess spending. Since DOD consumes the largest share of the government's discretionary budget, it will absorb the greatest impact of a sequester.

Companies performing contracts for the federal government, and especially defense contractors, need to be prepared for reductions in contract spending. As to existing contracts, government actions resulting from budget cuts may include changing, restructuring, or abandoning programs and contracts. Contractors should anticipate efforts on the part of the government to conserve funds through —

- Partial or total terminations;
- De-scoping of quantities or required capabilities;
- Contract stretch-outs;
- Breaks in production; and/or
- Non-payment or payment delays.

Such actions are likely to be implemented through contract provisions concerning contract funding, contract payments, government delay of work, government orders to stop work, contract changes, and termination.

This two-part article addresses the government's rights and obligations under those contract provisions that may be used to implement budget cuts, and contractor rights, and obligations in responding to government action under these contract provisions. Part one of the article discusses action by the government pursuant to provisions concerning contract funding, contract payments, and government delay of work. The second part appearing in the next issue of the



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PACA Pulse, addresses governmental action under contract provisions concerning government orders to stop work, contract changes, and termination.

Contract Funding Provisions

The Anti-Deficiency Act provides that a government officer or employee may not spend money or commit the government to an obligation exceeding the amount available in the appropriation or fund for that expenditure or obligation. It further provides that such an officer or employee may not involve the government in a contract or obligation for the payment of money before a corresponding appropriation is in place unless otherwise authorized by law. To comply with the Anti-Deficiency Act, before executing any contract the contracting officer must obtain written assurance from a responsible fiscal authority that adequate funds are available or expressly condition the contract upon availability of funds.

FAR 52.232-18 sets forth the Availability of Funds clause. In contracts into which this clause is inserted, it provides that funds are not presently available for the contract and that the government's obligation under the contract is contingent upon the availability of funds. No legal liability on the part of the government for any payment may arise until funds are available to the contracting officer and the contractor receives notice of such availability. This notice to the contractor is to be confirmed in writing by the contracting officer.

FAR 52.232-20 contains the Limitation of Cost clause for insertion in fully funded cost-reimbursement contracts. Pursuant to this clause, the parties agree that performance of the contract, exclusive of fee, will not cost the government more than the estimated cost specified in the contract schedule. The contractor is to notify the contracting officer in writing whenever it has reason to believe that (i) the costs the contractor expects to incur in the next 60 days when added to all previous costs, will exceed 75 percent of estimated cost, or (ii) total costs, exclusive of fee, will be greater or substantially less than previously estimated.

The Limitation of Cost clause goes on to recite that as part of the notification, the contractor is to provide the contracting officer with a revised estimate of the total cost of performance. Yet, the government is not obligated to reimburse the contractor for costs incurred in excess of the estimated cost. On the other hand, the contractor is not obligated to continue performance until the contracting officer both notifies the contractor in writing that the estimated cost has been increased and provides a revised estimated total cost of performance.

FAR 52.232-22 sets forth the Limitation of Funds clause for insertion in incrementally funded cost-reimbursement contracts. This clause is substantially similar to the Limitation of Cost clause, except that it is concerned with the amount of funds allotted to the contract rather than the estimated cost of the contract.

FAR 32.704 requires that upon learning that the contractor

is approaching the estimated cost of the contract or the limit of the funds allotted under either the Limitation of Cost or Limitation of Funds clauses respectively, the contracting officer must notify the contractor in writing that –

- The estimated cost has been increased or additional funds have been allotted;
- The contract is not to be further funded and the contractor should submit a proposal for an adjustment of fee;
- The contract is to be terminated; or
- The government is considering whether to increase the estimated cost or allot additional funds, the contractor is entitled to stop work when the cost or funding limit is reached and any work beyond the limit will be at the contractor's risk.

Government personnel encouraging a contractor to continue work in the absence of funds will be in violation of the Anti-Deficiency Act and may be subject to civil or criminal penalties. Moreover, the government can waive the protections of the Limitation of Cost or Limitation of Funds clauses if it induces the contractor to incur costs in the reasonable belief that it will be reimbursed for them.

Contract Payment Provisions

Upon the submission of proper invoices or vouchers, the government is obligated to pay a contractor the price stipulated in the contract less any deductions provided for in the contract. The Prompt Payment Act provides that if the government does not pay the contractor for each complete delivered item of property or service by the required payment date, it shall pay an interest penalty to the contractor on the amount due. If the contract does not specify a due date for making an invoice payment, the due date is generally the later of the 30th day after either the billing office receives a proper invoice or government acceptance of the supplies or services.

If the government is required to pay an interest penalty, it shall do so automatically without a request from a contractor should the following three conditions be met: The government has received a proper invoice; there is no disagreement over quantity, quality, or the contractor's compliance with any contract requirement; and payment of the final invoice is not subject to further contract settlement actions.

If the government fails to pay interest when it is required to do so, it will be required to pay another penalty in addition to the interest penalty. The contractor must make demand upon the government for payment of this additional penalty within 40 days after the invoice is paid.

FAR 32.503-6 contains the Progress Payment clause. This permits the government to reduce or suspend progress payments where –

- The contractor is not in compliance with the contract;
- The contractor's financial condition is deemed unsatisfactory;
- The contractor is holding excessive inventory;
- The contractor is delinquent in paying its subcontractors or vendors;

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- The fair value of undelivered work is less than the amount of progress payments made; or
- The sum of total costs plus estimated costs to complete performance is likely to exceed the contract price.

Government Delay of Work Provisions

FAR 52.242-17 sets forth the Government Delay of Work clause. Under this provision, if performance of contract work is delayed or interrupted by an act of the contracting officer that is not expressly or impliedly authorized by the contract or by a failure of the contracting officer to act when required, an adjustment shall be made. A delay under this clause does not involve an actual order by the contracting officer. Such an adjustment (excluding profit) shall consist of any increase in the cost of performance caused by the delay or interruption, and the contract shall be modified in writing accordingly. Adjustment is also to be made in the delivery or performance dates and any other term or condition affected by the delay or interruption.

A contractor may not make a claim for an adjustment under the Government Delay of Work clause for any costs incurred more than 20 days before the contractor notifies the contracting officer in writing of the act or failure to act. The contractor must assert the claim in writing as soon as practicable after termination of the delay or interruption.

The government is permitted to suspend work under the Suspension of Work clause contained in FAR 52.242-14. This clause allows the contracting officer to order the contractor in writing to suspend, delay, or interrupt contract work for a period of time that the contracting officer considers appropriate for the convenience of the government. If, however, performance of contract work is suspended, delayed, or interrupted for an unreasonable period by an act of the contracting officer or failure to act, an adjustment shall be made.

Similar to the Government Delay of Work clause, this adjustment (excluding profit) shall consist of any increase in the cost of performance caused by the unreasonable suspension, delay, or interruption and the contract shall be modified in writing accordingly. A claim by the contractor for an adjustment under the Suspension of Work clause shall not be allowed for any costs incurred more than 20 days before the contractor notifies the contracting officer in writing of the act or failure to act (but this requirement shall not apply to a claim resulting from a suspension order). The contractor must assert the claim in writing as soon as practicable after termination of the suspension, delay, or interruption.

See the next issue of the PACA Pulse for part two of this article. •

Ross is a partner in the Albuquerque office of Lewis and Roca LLP. This article is intended for general information only and should not be construed as legal advice or opinion. Any questions concerning your legal rights or obligations in any particular circumstance should be directed to your lawyer.

The Importance of a Cost Accounting System

By Tony Royle, CPA, Moss Adams

Government contractors are subject to many rules and regulations when it comes to conducting business with the federal government. One of which is in the area of accounting systems. FAR 16.301-3(a)(1) requires that cost-reimbursement contracts are only used when a contractor's accounting system is adequate for determining costs applicable to the contract. A recent GAO decision, B-404535.5, was published on August 25, 2011 in the matter of Sygnetics, Inc. that examines the importance of having an adequate cost accounting system (CAS). This article takes a closer look at this decision and what it may mean for you and your company.

Sygnetics is a Service-Disabled Veteran-Owned Small Business (SDVOSB) located in Rochester Hills, Michigan that has a history of doing business with the government as a prime and subcontractor. A request for proposal (RFP) was issued on April 9, 2009 which sought proposals to provide personnel support services for the Army. The RFP anticipated several awards of multiple indefinite-quantity/indefinite quality (ID/IQ) cost reimbursement contracts with a base year of one year and four one year option periods.

The RFP required offerors to have a CAS that was approved by the Defense Contract Audit Agency (DCAA) within the last two years. The RFP further indicated that an approved CAS is "mandatory" for award. In response to a question from an offeror, it was stated that the request for a DCAA audit of the contractor's accounting system (as needed) will be initiated by the Contracting Officer (CO) or his/her representative.

The Army received 16 RFP responses by the solicitation due date. Prior to award in November 2009, the DCAA concluded in a report that Sygnetics did not have an approved CAS. Based on DCAA's report, the agency removed Sygnetics from award consideration. On November 3, 2010, the Army awarded 14 ID/IQ contracts.

After a debriefing conference on November 17, 2010, Sygnetics filed a protest arguing that the agency unreasonably rejected its proposal based on the DCAA's report that they lacked an adequate CAS. In the protest, Sygnetics argued that DCAA had not updated its November 2009 audit findings to reflect the responses that Sygnetics had provided the DCAA in December 2009. Sygnetics further argued that the CO was required, under the terms of the RFP, to seek an update from DCAA.

On December 10, 2010, the Army indicated that it would take corrective action in response to the protest. They decided to reengage DCAA and request that the agency conduct an audit of Sygnetics CAS and issue a report that indicates if DCAA considers Sygnetics CAS adequate for contract award of the ID/IQ contract. Army Notice of Corrective Action (B-404535.2), December 16, 2010.

DCAA re-audited Sygnetics CAS and on January 13, 2011 provided preliminary findings to the protestor. DCAA

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Cost Accounting System *continued*

also conducted an exit interview on January 18, 2011. In the preliminary report and exit interview, DCAA advised Sygnetics that the deficiencies identified in the November 2009 report had been addressed. However, DCAA further advised that during the re-audit they had identified six additional deficiencies which rendered Sygnetics CAS unacceptable.

On January 19, 2011, Sygnetics provided a response to the DCAA's findings which indicated that they would immediately adopt policies that would comply with the FAR for five of the six findings and that for the sixth DCAA finding they argued that the FAR did not require the use of a separate indirect rate for subcontractor labor.

On January 20, 2011, DCAA issued its final report which stated: "In our opinion, Sygnetics' accounting system is inadequate for accumulating and billing costs under Government contracts." The report discussed each of the five responses that Sygnetics stated would be immediately addressed. The DCAA recommended that for the five responses a "follow-up accounting system review be performed to ensure the contractor's proposed corrective actions have been implemented and adequately address the conditions." The DCAA went on to state that it did not agree with Sygnetics' response to the sixth finding requiring the use of a separate indirect rate for subcontractor labor and recommended that Sygnetics "revise their allocation practices to result in an equitable distribution of indirect costs to cost objectives."

On February 14, 2011, Sygnetics submitted a statement to the CO arguing that they had now addressed all of DCAA's concerns and that an award of a contract was appropriate. On March 2, 2011, Sygnetics filed a protest arguing that the DCAA improperly found that Sygnetics had an inadequate CAS and that the agency had made a de facto finding of non-responsibility by not awarding Sygnetics a contract. The Army advised that they had not yet made a final determination as to whether or not to award a contract to Sygnetics and the protest was dismissed as premature. On March 10, 2011, Sygnetics wrote another letter to the agency stating that "all additional conditions that were identified in January 2011 have been addressed, and we feel our accounting system is adequate."

On April 15, 2011, the Army issued its final determination that Sygnetics did not meet the RFP requirement to have an adequate CAS. They concluded that the record showed that DCAA had not revised its position that Sygnetics CAS was unacceptable, notwithstanding Sygnetics' representations that their CAS was acceptable. On April 20, 2011, the Army advised Sygnetics that its proposal had been rejected based on its inadequate CAS.

The facts above formed the basis for Sygnetics' final protest which was decided on August 25, 2011. In the final protest, Sygnetics argued that DCAA had acted improperly in conducting the audit and should have limited its review to the deficiencies identified in the original November 2009 report, instead of conducting a new audit that found additional

deficiencies. However, the decision indicated that the DCAA identification of additional legitimate concerns with Sygnetics' accounting system was entirely consistent with the agency's responsibility for verifying that the system was adequate to support the award of a cost-reimbursement contract. FAR 16.301-3(a)(1).

Sygnetics also argued that DCAA's delay in addressing their responses to the November 2009 audit report was unreasonable and that if DCAA had addressed the responses more quickly, Sygnetics may have been in a better position to address the six deficiencies found in the January 2011 audit report. The decision indicates that although there may have been a delay in DCAA's consideration of Sygnetics' responses to its November 2009 audit, the Army took corrective action in response to the protest to ensure that DCAA considered those responses and updated its audit of the protestor's CAS. The fact that new deficiencies were identified does not demonstrate that the DCAA or Army acted improperly.

After additional discussion and analysis of the facts and circumstances, the final decision stated: "In sum, we see nothing unreasonable in the Army's conclusion that, based on the DCAA audit report and the information provided by Sygnetics, the protestor did not have a CAS that was approved by DCAA, as required by the RFP. The protest is denied."

In light of this protest denial and all the recent changes at the DCAA, what does this mean for contractors going forward?

- More thorough audits and a harsher audit environment.
- More requirements just for proposal requests. Now contractors are being asked to have approved systems in place in order to be a qualified bidder.
- DCAA audits are likely to delve more deeply into all aspects of your business.
- On the DCAA website there are over 90 types of audits that a government contractor can be subjected to. •

2011 NM State Science and Engineering Fair PACA Winners

Dr. Bill Dettmer announces the 2011 New Mexico State Science and Engineering Fair PACA Awards. Along with Dr. Christine Trapp, he served as a judge in the competition.

Ujwal Chadha, a student at Del Norte High School, took the Senior Physics and Astronomy First Place (\$300) Award and was also a Grand Award winner. His project is titled, "Mathematically Modeling Capillary Rise."

Two students tied for the Second Place (\$150) Award, **Nikita M. Bogdanov** of Albuquerque Academy and **Majdolene K. Khweis** from Taos High School. Nikita's project, "Characterizing the Effects of Asteroid Belt Perturbations on the Orbits" in Senior Physics and Astronomy also won a Third Place award. "Don't Let It Slide V: The Final Frontier" in Senior Earth and Planetary Sciences was Majdolene's project. •

AS9100 Quality Management System Update

By Faith Puffer, Sierra Peaks Corporation

In the growing and changing world of aerospace, maintaining quality and ensuring reliability is a critical concern. To that end, the Society of Automotive Engineers and the European Association of Aerospace Industries developed AS9100, a standardized quality management system (QMS) for the aerospace industry. Created in 1999, AS9100 provided a set of comprehensive international standards supported by an assessment and certification program. The International Aerospace Quality Group (IAQG), comprised of prominent original equipment manufacturers (OEMs) in the aviation, space, and defense industries, released Revision C to the AS9100 in 2009 and is responsible for the development and maintenance of the 9100 standard.

The AS9100 QMS family comprises the following three standards:

1. AS9100 QMS: Aerospace Requirements

2. AS9110 QMS: Aerospace Requirements for Maintenance Organizations. AS9110 focuses on the maintenance, repair, and overhaul aspects of the aerospace business. AS9110 complements the expanded use of ISO9001 by major aerospace repair stations worldwide.

3. AS9120 QMS: Aerospace Requirements for Stockist Distributors. AS9120 focuses on organizations that accumulate aerospace materials and products for resale. AS9120 complements AS9100 and may be used by others in the aerospace supply chain.

Taken together, the AS9100 QMS is a means for continually improving quality and on-time delivery within the supply chain. Its use can result in improved quality, schedule, and cost performance, and increases confidence at all levels of the global supply chain. For this reason, major aerospace industry leaders worldwide require their suppliers to be in compliance with and/or attain AS9100 certification as a condition of doing business with them.

Should your organization consider AS9100 certification? There are several compelling reasons to do so. By making your QMS consistent with the global standard adopted by the aerospace industry, AS9100 certification:

- Improves process consistency and stability.
- Improves your company's new market/new customer prospects on a worldwide basis.
- Leads to rapid consensus and deployment.

- Results in higher-quality products at a reduced cost.
- Improves customer satisfaction.
- Demonstrates a commitment to deliver quality products and services to your customers.
- Provides access to the best practices of the aerospace industry.
- Offers a shared supplier approval database.
- Reduces multiple expectations and number of second- and third-party audits.
- Reduces organizational waste, duplication, inefficiencies, and defects.
- Facilitates continual improvement in business processes and customer satisfaction through independent feedback.
- Fosters true global aerospace cooperation and harmonization.

To determine if AS9100 certification is right for your company, consider taking a course in ISO requirements, such as the New Mexico 9000 class (<http://www.edd.state.nm.us/businessAssistance/iso9000/index.html>). In New Mexico, this state-sponsored class is conducted in cooperation with Orion Registrar, Inc. The course will introduce you to the AS9100 requirements, which your company should have in place for six months before pursuing certification.

Once that milestone has been reached, your next step is to hire a registrar, such as Orion Registrar, Inc. Certification is a six-month to three-year process during which the registrar will conduct a series of audits. The audits are performed in two stages, with two audits required before the initial certification decision is made. The Stage 1 audit involves sending your Quality

Manual and associated procedures to the registrar for review, and can be done electronically. The Stage 2 audit requires an on-site visit by the auditor. The length of this audit is regulated and is based on the number of employees in your company.

After the initial certification is issued, the process continues with ongoing surveillance audits. These surveillance audits commence within a year after certification. In three years, AS9100 certification expires and the company must undergo a recertification to maintain compliance with the AS9100 standards.

PACA is a good resource for meeting representatives from other AS9100-certified companies and sharing resources. To learn more about AS9100 certification, visit IAQG at <http://www.iaqg.sae.org/iaqg>.



Government Contractor Services Provided by Moss Adams

Moss Adams LLP is a leader in assurance, tax, consulting, risk management, transaction, and wealth services. Moss Adams has a staff of over 1,700 that includes more than 220 partners. The firm focuses on serving public, private, and not-for-profit enterprises across the nation through specialized industry and service teams.

In 1990, the Albuquerque office of Moss Adams formed its Government Contractor Industry Group, led by Tony Royle, to better serve the industry. The group consists of certified public accountants and former DCAA auditors that have specialized training and experience in government contracting. In June 2000, the Government Contractor Industry Group was featured in *The Practical Accountant*, a national publication. Since its formation, the group has continued to grow and expand and now serves more local government contractors than any other CPA firm in the region. Moss Adams' services to Government Contractors include:

- Financial statement preparation, including audits reviews and compilations
- Out-sourced accounting using Deltek
- DCAA audit representation
- Income tax preparation and consulting
- Business and strategic planning

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants



Anthony W. (Tony) Royle

is a partner with Moss Adams LLP with over 30 years experience serving public accounting clients. He has written numerous articles, conducted statewide seminars, and is a frequent speaker on business and tax matters. He is the leader of the firm's Government Contractor practice in the Southwest.

He is a 1979 cum laude graduate of Weber State University in Ogden, Utah where he received his four year bachelors degree in less than three years. While studying at WSU, he also simultaneously worked full-time at the Internal Revenue Service, Ogden Service Center as a tax auditor. Prior to attending WSU, Tony volunteered to serve in the United States Army where he was appointed to a special nuclear defense unit in Germany.

Tony is a certified public accountant and is also a Diplomat of the American Board of Forensic Accountants. He is a member of the New Mexico Estate Planning Council as well as a number of other organizations, including Rotary International, and is listed in Who's Who in America and several other Who's Who publications.

Welcome NEW Members

Clifton Aldridge, Dynamic Research and Testing Laboratories

Sam Dickey, TEKsystems

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