

Chapter 22

SELECTED AREAS OF COST

Chapter 22 – Economic Planning Costs

Authoritative Sources

[FAR 31.205-12](#) Economic Planning Cost

[FAR 31.205-27](#) Organization Costs

[FAR 31.205-38](#) Selling Costs

This chapter provides general audit guidelines for auditing economic planning related costs and addresses the following topics:

22-1 General Information

22-2 General Audit Guidelines

22-1 General Information

Economic planning costs are the costs of general long-term management planning related to the future overall development of the contractor's business. The costs may be related to the possibility of economic downturns or fundamental alterations in the contractor's current business markets.

22-2 General Audit Guidelines

Economic planning costs are allowable under Government contracts (FAR 31.205-12).

Generally economic planning costs can include planning related to mergers and acquisitions. However, costs in connection with actually planning a specific merger or acquisition are unallowable under FAR 31.205-27, Organization Costs.

Economic planning costs also include long-term market planning costs. Market planning involves research and analysis and general management planning on developing the contractor's business. Generally, short-term market planning costs are allowable under FAR 31.205-38, Selling Costs.