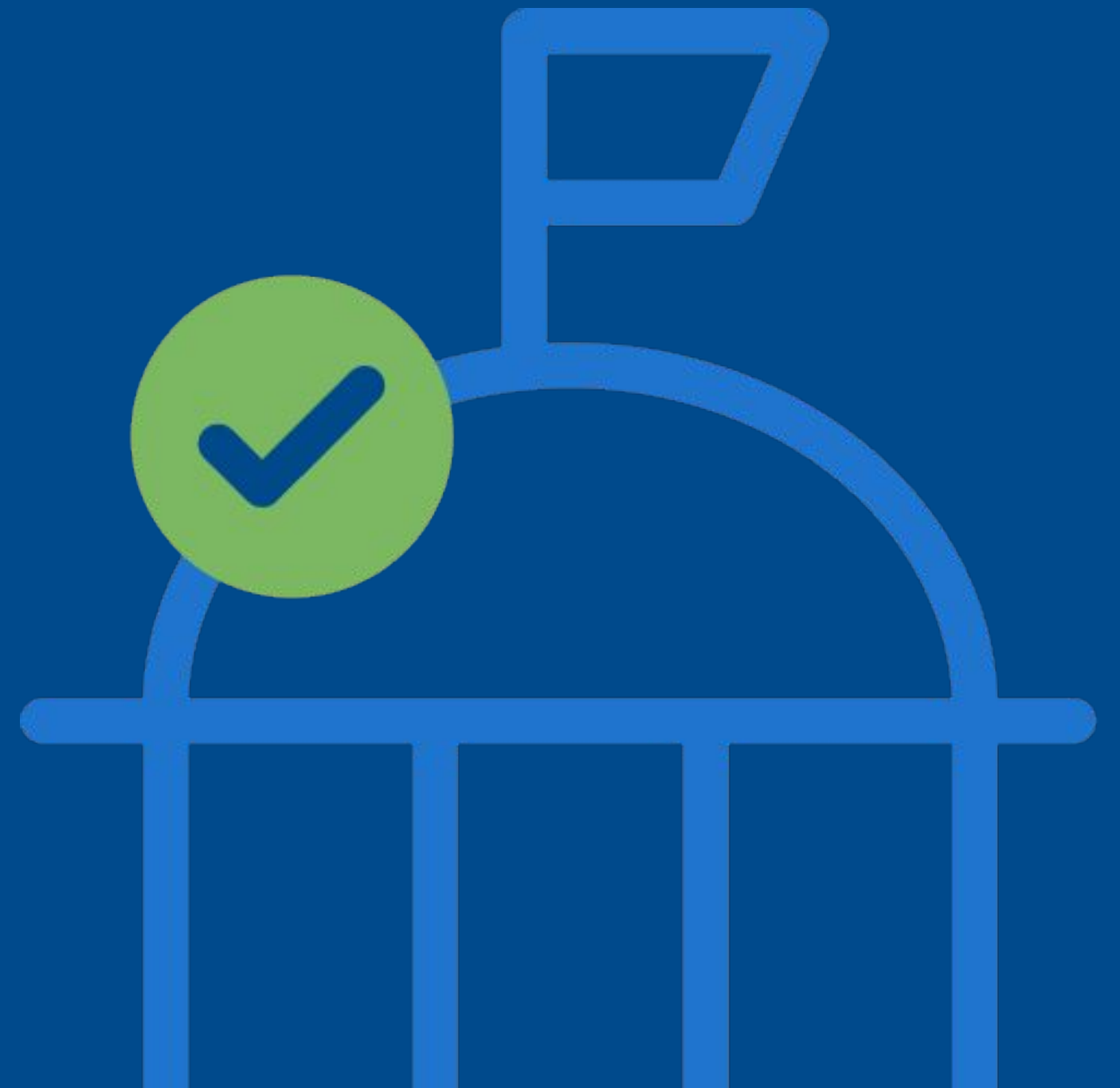


GovCon & Your Accounting System

# How to Set Up Your Accounting System for FAR and DCAA Compliance



# Today's Agenda

- DCAA Refresh - the Do's & Don'ts
- Strategies for a Compliant Accounting System
- Ways to Ensure Your Team is Compliant



**We want to hear  
from you!**

**After each section  
we will be taking  
questions.**

# DCAA Refresh

## **DCAA REFRESH**

# **Do's**

- Set and track budgets for projects, overall company financials and indirect cost rates
- Align your accounting system to capture business transactions in compliance with GovCon rules and regulations
- Bid proposals in the same manner you book expenses and bill customers
- Stay on top of it with complete and accurate monthly records
- Hire accounting department staff that is knowledgeable in GovCon compliance
- Have a strategic partner to help ensure you're staying compliant with your company's requirements

## **DCAA REFRESH**

# **Don'ts**

- Disregard the importance of a complete and systematic accounting system that is properly set up to adhere to GovCon rules and regulations
- Fall behind on processing transactions or reconciling your monthly financials
- Let reviews and approvals bottleneck
- Make it up as you go
- Wait for an audit to tell you what you are not doing correctly

# Questions?

# Strategies for a Compliant Accounting System

# What to consider

- ❑ A system that is not JUST affordable, but also able to meet your company's needs and requirements now and as you scale
- ❑ A system that can utilize multiple tools (if needed) to create one accounting system
- ❑ A system that reflects how you define, operate and manage your business
- ❑ A system that has the ability to successfully meet all compliance requirements
- ❑ Your budget and your accounting system should be designed in the same structure in order to properly and easily analyze financial information



# Key compliance areas for accounting systems

- Chart of accounts that properly identifies, classifies and segregates costs into appropriate projects and cost pools
  - Must include a structure to capture unallowable costs!
- Project management system or tool that captures and reports on project information accurately and timely
- Timekeeping and payroll system that accurately captures all labor hours and costs
- Ability to systematically generate a customer invoice from the costs that were entered into the system and in accordance with project terms and conditions

# Key compliance areas for accounting systems (cont.)

- Ability to generate (systematically, accurately and timely) financial reports to include a statement of indirect rates
- Compliant documented policies and procedures that support the operations of accounting and other related business areas
  - Must be adhered to and enforced!
- Ability to support any audit such as a DCAA pre-award audit, incurred cost submission audit and financial statement audit

# Questions?

# Building your foundation



- Invest in a sustainable and scalable systems
- Create documentation for policies and procedures
- Get everyone on the same page
- Training your team and cross train your staff

**TECH TIP:** Have a universal time tracking and firm management software to keep everything in one place and everyone accountable. Accessibility is key!

# Budgeting



- **Set an overall company-wide budget and separate project budgets**
- Know your staff capacity in detail and be nimble to reallocate when needed
- Use a project management software that takes the guesswork out of progress
- Don't wait until the end to track WIP, pull status reports in real-time for no surprises and any needed adjustments to planning

# Time tracking



- Use calendar reminders for daily time tracking
- Speed up tracking of time with timers if appropriate and if the system allows
- Consider note requirements on some charge codes
- Don't forget internal "projects" like holidays, sick days etc.

**TECH TIP:** Look for time tracking software that's pre-configured to DCAA regulations to prevent timesheet errors, lock after submission, and automate rules.

# Capturing other costs



- Ensure all costs are properly recorded in accordance with the chart of accounts and annual budget
  - Allows meaningful analysis between budgeted and actual costs
- Capture labor costs and all other billable expenses, such as travel, materials, and subcontractor costs in one system
  - This will help you stay on top of budgets and build accurate invoices

**TECH TIP:** Design your accounting system to understand your business. Ensure project names and codes are consistent across systems to save the hassle of double-data entry.

# Reviews & approvals



- Document, and adhere to, the review and approval process in your policies and procedures
  - Ensure a proper segregation of duties where required and well thought out internal controls
- Limit the cooks in the kitchen - one person to review and approve per group
- Look for systems that allows electronic signatures and approvals within the platform

**TECH TIP:** Cut down on the time spent sending review request/approval emails by automating it through your time tracking software. Make sure timesheets lock after signatures!



# Keep an audit trail



- Maintain supporting documentation for all transactions that are entered and generated in your accounting system
- Use a software with a robust audit trail tool to ensure transactions are recorded with accuracy and ensure appropriate internal controls
- Compliance requires you store your engagement history for at least 3 yrs. after the final payment

**TECH TIP:** Relying on cloud-based software is the safest way to ensure your files are safe and protected.

# Financial reporting



- **Close your monthly books and records timely and accurately**
- Don't be dependent on a manual system - even if it's a robust Excel workbook
- Be proactive to see real-time insights in a summary of time tracking, expense reporting and project management data
- Measure actuals compared to budget as you go, rather than at the end

# Questions?

# **Ways to ensure your team is compliant**

# Why is DCAA compliance important?

**\$335B**

were examined by  
the DCAA last year

**2,713**

audit reports

- Reduces stress if your company is selected for an audit
- Saves your company from spending extra money on consultants to get organized and current at the last minute
- Eliminates any risk of being placed on a probation
- Allows for more informed strategic decision making by management
- Grow your GovCon business!

# Training your team

- Hire individuals who have the proper experience and knowledge to meet the requirements of their position
- Not every company is the same in how they function. Ensure you give proper time and attention to new hires and provide them with the tools they need to perform their job
- Consistent internal and external training
  - Require cross training between team members
- Consistent review processes
- Provide feedback and **always** take the time when an employee makes a mistake to show them and teach them instead of just “fixing it”. We want our team members to learn and grow and become more accurate in their work

# Questions?

# Thank you!



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