



cheryl jefferson & associates

Government Contract Accounting Services

Who says QuickBooks can't pass a DCAA system audit?

DCAA does not endorse any accounting system nor consider any accounting system approved automatically, so why not continue to use QuickBooks. Cheryl Jefferson & Associates has a proven success rate of helping our clients have their QuickBooks accounting system approved or deemed adequate for government contracts. The accounting software has the capability of tracking costs and generating the necessary reports for government contracts just like any other software designed especially for government contracting.

QuickBooks is a good choice for small government contractors who want complete control over their financial data, want a user-friendly system, and want to feel good knowing they didn't need a loan to buy it. We encourage our small business owners to use an accounting software package where they are not reliant on the bookkeeper or accountant to tell them how business is doing. An informed owner makes for a better run business.

Not only is QuickBooks easy to use for the business owner, but recruiting accounting staff or a bookkeeper that can use the system is easier too.

Preaward/Post-award system set up

One of the most daunting tasks for small government contractors in being able to have their accounting systems determined to be adequate by Defense Contract Audit Agency (DCAA). Per DCAA, "the pre-award accounting system survey is an audit to determine the acceptability of a contractor's accounting system for accumulating costs under a prospective Government contract". Without a good bill of health from DCAA, contractors are limited in the types of contracts that they can be awarded.

Our process for preparing you for a DCAA pre-award audit, involves 3 steps:

1. Setting up accounting software

We redesign your chart of accounts and set up components in order for you to properly track costs. We turn on key features in your software necessary for complying with government contract requirements. Ninety-percent of our clients use QuickBooks and the other ten-percent use Procas, DELTEK, or ERP-Gov.

2. Setting up indirect cost rate structure

We assist you in determining an indirect cost rate structure that is specific to your small business. We assess your business operations, locations, and

business units to develop cost allocations that make your company competitive.

3. DCAA compliant accounting policies and procedures

An adequate accounting system is more than just the accounting software. Your business has to have policies and procedures that ensure controls are in place to keep your accounting and financial reporting in compliance with Federal Acquisition Regulations.

Even after obtaining the initial approval, you may become subject to a second accounting system audit, called the Post-Award audit. In this audit, DCAA is not only determining whether your accounting system can accumulate costs, but that the billing to and the purchasing for government contracts are adequate.

Incurred Cost Submissions

The Federal Acquisition Regulations (FAR 52.216-7) require that government contractors submit an incurred cost proposal within 6 months after the end of its fiscal year. This applies to contractors with cost reimbursable contracts or time-and-material contracts where G&A or Material Handling rates are billed to the government.

If you do not provide a submission, DCAA may recommend that the contracting officer make a unilateral determination. In a unilateral determination, the contracting officer will determine your indirect cost rates for you. These rates will apply to all contracts, both pending and closed and these rates could be considerably lower than your actual rates. In addition, you could

receive penalties for including expressly unallowable costs, or costs previously determined to be unallowable for your company, in your indirect cost submission.

Preparing the incurred cost submission can be a time-consuming task for an understaffed small business. We can assist you in preparing your submission and supporting data. We provide the following services:

- Preparing the electronic incurred cost rate proposal
- Compiling supporting documentation to accompany the submission
- Reviewing target accounts for expressly unallowable costs
- Preparing client recommendations for improvements

Ongoing Consulting Support

Obtaining a government contract is an excellent business achievement. However, inadequate pricing and poor contract administration could be a financial disaster for your business. We can decipher the meaning of FAR and CAS and work with you to competitively price your proposals and prepare you for the increased reporting required for government contracts. We provide ongoing consulting support to our small business clients to help keep them competitive and growing, including:

Proposal pricing

- Assisting with deciphering cost proposal requirements

- Assisting with developing cost and pricing data
- Review of proposal prior to submission to identify deficiencies in pricing methodology

- Assisting with determining which regulations are applicable to the business

DCAA audit support

- Liaison with auditors
- Reviewing requests for information and documentation prior to submission

Contract Administration

- Assisting with contract financial reporting
- Assisting with complying with contract clauses

Forward Pricing and Billing rates

Guidance with FAR, CAS, and DCAA

- Providing consultations on the applicability of clauses to accounting procedures

- Assisting with development of provisional billing rates
- Assisting with development of forward pricing

For more information on how we can assist you with this service, call us at (410)772-0065 or email us at contactus@cjeffersoncpa.com

