



Redstone Government Consulting

COVID-19 GovCon Forum April 6, 2020

PRESENTERS:

MATTHEW SCHOONOVER JAMIE M. BRABSTON
JARED SHARP, CPA SHERI BUCHANAN
EDWARD SPENCELEY ROBERT ELDRIDGE
JOHN SHIRE

REDSTONE GOVERNMENT CONSULTING

COVID-19: GovCon Forum

Our Guests:



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Disclaimer and Notes

- Information provided is as of today. Things are changing rapidly, and we suspect many things we discuss today will continue to evolve.
 - We have Bankers, CPAs and Attorneys on the line who all have professional ethics and liability obligations to honor.
 - Anything discussed today isn't intended to be (and shouldn't be taken as) advice, legal, financial or otherwise.
- Please submit questions as we go. We want to work those in particular as it relates to our planned questions. We may run long in order to work in as many questions as possible and if we don't get to your questions today, we will retain for the next session.
- No CPE is being offered for this session.
- We are in our home offices like many of you. If you meet my co-worker Ollie, the Australian Shepherd, I apologize in advance.



Moderator
Asa Gilliland
President, Redstone GCI



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3 Big Takeaways

- I. Track it.
 - a. Capture the costs associated with COVID-19 related events in a separate project, account or other “bucket.”
- II. Document the business case.
 - a. We have an obligation to mitigate costs where we can, so it is important to document the “why” behind the decisions made in the moment.
- III. Communicate with your customer(s).
 - a. Communication may feel one-sided at times but keep communicating to show intent if questions are raised later. It is imperative to keep your customer(s) informed.

Question #1

Q1: Edward, where should companies apply for PPP loans?

Question #2

Q2: Edward, we've had several questions regarding how to fill out the application and more specific questions related to foreign ownership, affiliation, etc. Who should businesses reach out to for advice and guidance with regard the application and eligibility?

Question #3

Q3: John/Bob, what are folks doing in preparation of the CARES Act Sec. 3610? How are they implementing?

Question #4

Q4: Jared, if I had qualified improvement property in 2018 what should I do considering the technical correction that was passed with the CARES Act?

Question #5

Q5: Matt, exactly how are change orders handled for contractors who must stop work, with or without a physical Stop Work Order?

Question #6

Q6: Jamie/Sheri, we have had several questions about “1099 workers,” and how the FFCRA impacts them. Could you elaborate on the different implications of such workers?

Question #7

Q7: Matt, if a business has a contract that is shut down due to COVID-19, what steps should they take to protect that contract and later file a claim?

Question #8

Q8: Jared, employees are asking, will I be able use my current income rather than prior years income; because my 2020 income has changed, in order to become eligible to receive payments from the stimulus package? Hours have been cut to part-time by our Client, effective 1/1/2020 for my entire team. Salary was above the cap in 2018 and 2019, but this year it will be well below the cap. These employees might even be terminated before end of the year.

Question #9

Q9: Matt, many of the SBA's lending programs have eligibility requirements that consider a business's size together with its affiliates. Can you explain what affiliation is, and how it impacts a business's size?

Question #10

Q10: Jared, if I receive funds from the SBA 7(a) loan can I also claim the Employee Retention Payroll Tax Credit and/or Delay my employer side Social Security payroll tax?

Question #11

Q11: Matt, the SBA has said that companies can place their 8(a) program status in voluntary suspension. What should a contractor consider before it places its status in voluntary suspension?

7A Loans – What is the appropriate accounting treatment?

1. No guidance has been issued with respect to treatment of the loans and potential forgiveness with respect to government contracts. We continue to monitor.
2. For now, treat the same as you would a commercial loan.
 - If you took out a regular commercial loan to pay expenses and part or all of it was forgiven, you would not credit the expenses paid for the forgiveness.
3. There is still risk that OPM or DoD will issue guidance requiring a credit to expenses.
4. The government will still expect you to make the appropriate business decision related to retaining employees and will not automatically reimburse you for idle time. This needs to be considered with respect to whether you will be able to meet the requirements for loan forgiveness (maintaining headcount, etc.) as part of your decision to take out the loan.
5. The government will not reimburse you for any unforgiven portion of the loan or interest on the loan. Interest will still be unallowable.

Question #13

Q13: Jamie, with so many more employees working remotely, what should a company do to protect the confidentiality of corporate information, while also protecting employee privacy?

Question #14

Q14: John/Bob, has DCAA mentioned any relief on Incurred Cost Filings, Accounting system audits, etc.?

Question #15

Q15: Sheri/Jamie, has the DOL clarified how employers with less than 50 employees may qualify for an exemption from the leave requirements of the FFCRA?

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