

Preparing for a Post Award Audit with Costpoint



Redstone
Government Consulting

Helping You Navigate the Maze of Government Contracting



Instructors
Pamela Greer
Heather Stroud

About Redstone Government Consulting, Inc.



Who Are We?

- A consulting team of the most experienced industry veterans, ex-DCAA auditors, and the brightest new talent in the industry.
- Our expert consultants focus solely on the needs of Government Contractors.
- Many of our Consultants previously worked in CPA firms, DCAA, law-firms, and Executive-level positions with Government Contractors.

What Do We Do?

- FAR/CAS Compliance, DCAA and DCMA Approved Systems, Outsourced Accounting, HR Compliance and Outsourcing, Contracts/Subcontracts Consulting, Costpoint, Unanet, and Training Programs for Government Contractors.

Why Redstone?

- We help you navigate the maze of government contracting. Our mission is to provide you the expertise and support you need to comply with all the government regulations impacting your back office and administration, thus allowing you to focus on what you do best – Supporting your customers and fulfilling the needs of our Government and the Warfighter.





Pamela Greer

Costpoint Managing Consultant

Pamela is a Managing Consultant and leads our Costpoint Consulting Team. She has worked with Deltek accounting systems for 25 years, both as a consultant and as user at government contractors.

She has experience and expertise in multiple areas from general accounting, cost accounting, financial analysis, accounting system implementations and internal control auditing. She has worked with all types of companies from small service companies, mid-sized manufacturers, to multi-division large corporations.

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Heather Stroud

Costpoint Senior Consultant

Heather joined Redstone Government Consulting, Inc. in December of 2017 as a Consultant. Her areas of expertise include supporting government contractors in implementation and operation of Costpoint, assisting with employee training and providing outsourced accounting services, including program control deliverables, financial analysis, forecasting, general ledger, unbilled analysis, reconciliation, accounts payable, accounts receivable, payroll, and payroll taxes. Heather specializes in best accounting practices, from setup and training to monthly processing.

Heather has over 15 years' experience in government contracting, supporting a wide range of contract types and customers. Her areas of expertise include program control, financial analysis and forecasting, government cost accounting, and procurement. Heather's hands-on technical experience in all aspects of the business department provides a unique set of expertise for our clients.

Heather has led and participated numerous Costpoint implementations and re-implementations for the Accounting, Projects, Subcontractor and Budget & Planning modules. She has worked directly with our clients to design accounting systems that are meaningful and useful for each individual client. She provides training in these modules and has developed desktop procedures that allow for a quick and seamless transition and implementation of these modules.

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System Audit Areas of Focus

CAN THE SYSTEM:

- Segregate Cost Between Indirect and Direct?
- Identify and Accumulate Direct Cost by Contract?
- Capture Timesheet Labor by Indirect and Direct?
- Allocate Indirect Costs in a Logical and Consistent Method?
- Adequately Exclude Unallowable Costs?
- Limit Costs and Billings Based on Contract Clauses?

System Audit Areas of Focus

IS THE SYSTEM:

- Being Used Regularly and Consistently As Described?
- Accumulating Costs According to GAAP?
- Data Being Reviewed and Reconciled on a Regular Basis?

Areas of Preparation



General Company Information

System Structure Information

System Processing Information

General Company Information



- General Company Overview
- Company Management
 - Including Board of Directors and BoD Committees
- Organizational Chart
- Ethics Program Information
- Policy and Procedure Documents

General Contract & System Information



- Contract Types
- Accounting System(s)
- Length on the System
- Segregation of Duties
- Internal Controls
- Risk Assessment
- Accounting Staff

System Structure Information

- Overall Accounting System
 - High Level Flowchart of Data
 - Chart of Accounts
 - Segregation of Cost by Type (Direct, Indirect, Unallowable)
 - Month-End Processing
- Project Accounting
 - Project Separation / Numbering
 - Project Setup / Maintenance
 - Project Charging Controls
- Indirect Rate Structure
 - Rate Structures Overview
 - Provisional Verses Actual Monitoring Process
 - Provisional Rate Determination Process

Overall Accounting System



High Level Flowchart of Data Recording

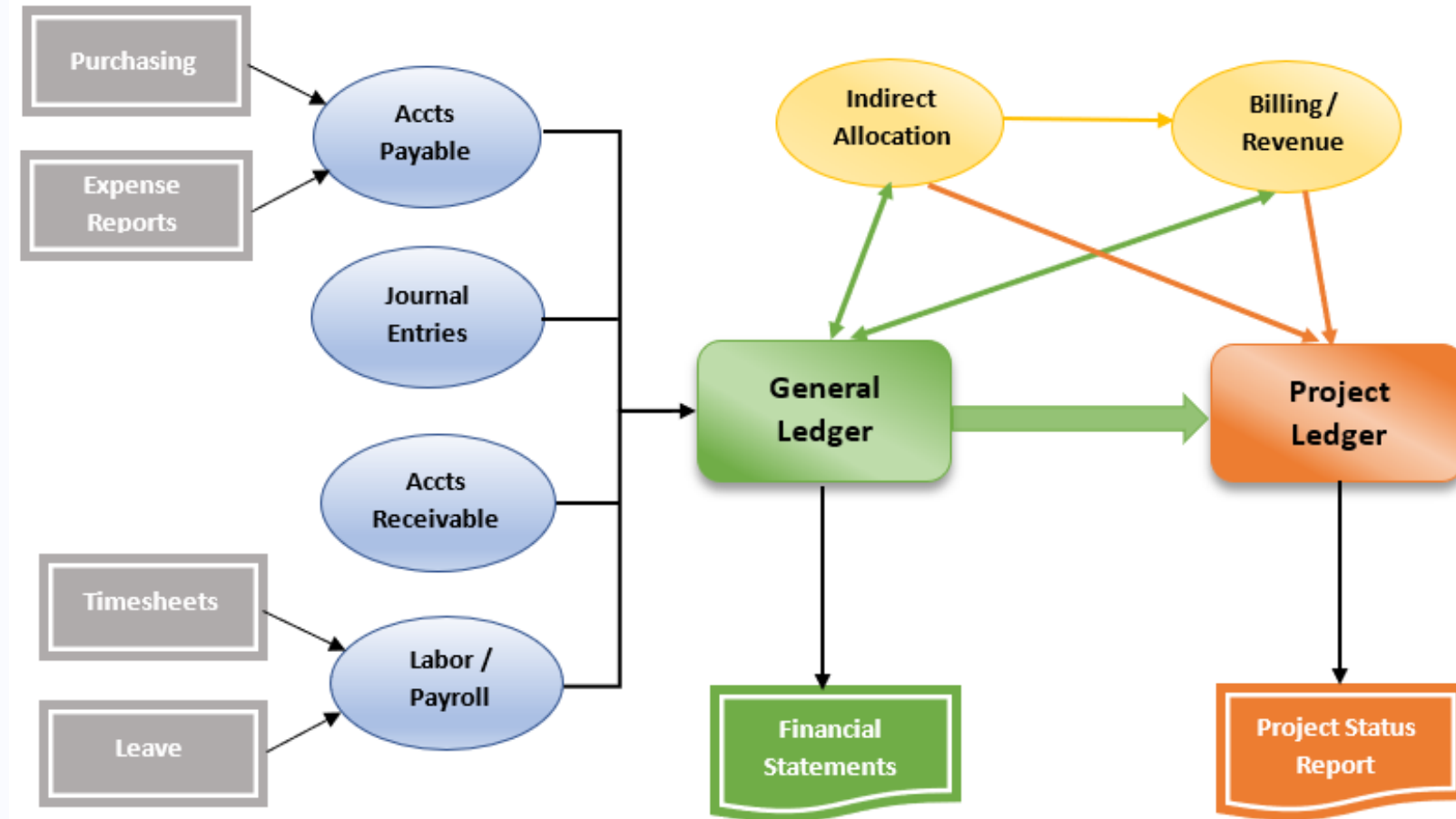


Chart of Accounts & Segregation of Cost

1XX – Assets

2XX – Liabilities

3XX – Equity

4XX – Revenue

5XX – Direct Expenses

6XX – Fringe and Facilities Expenses

7XX – Overhead and M&S Expenses

8XX – G&A, B&P and IR&D Expenses

9XX – Unallowable & Tax Expenses

CXX & DXX – Allocations

Month-End Processing

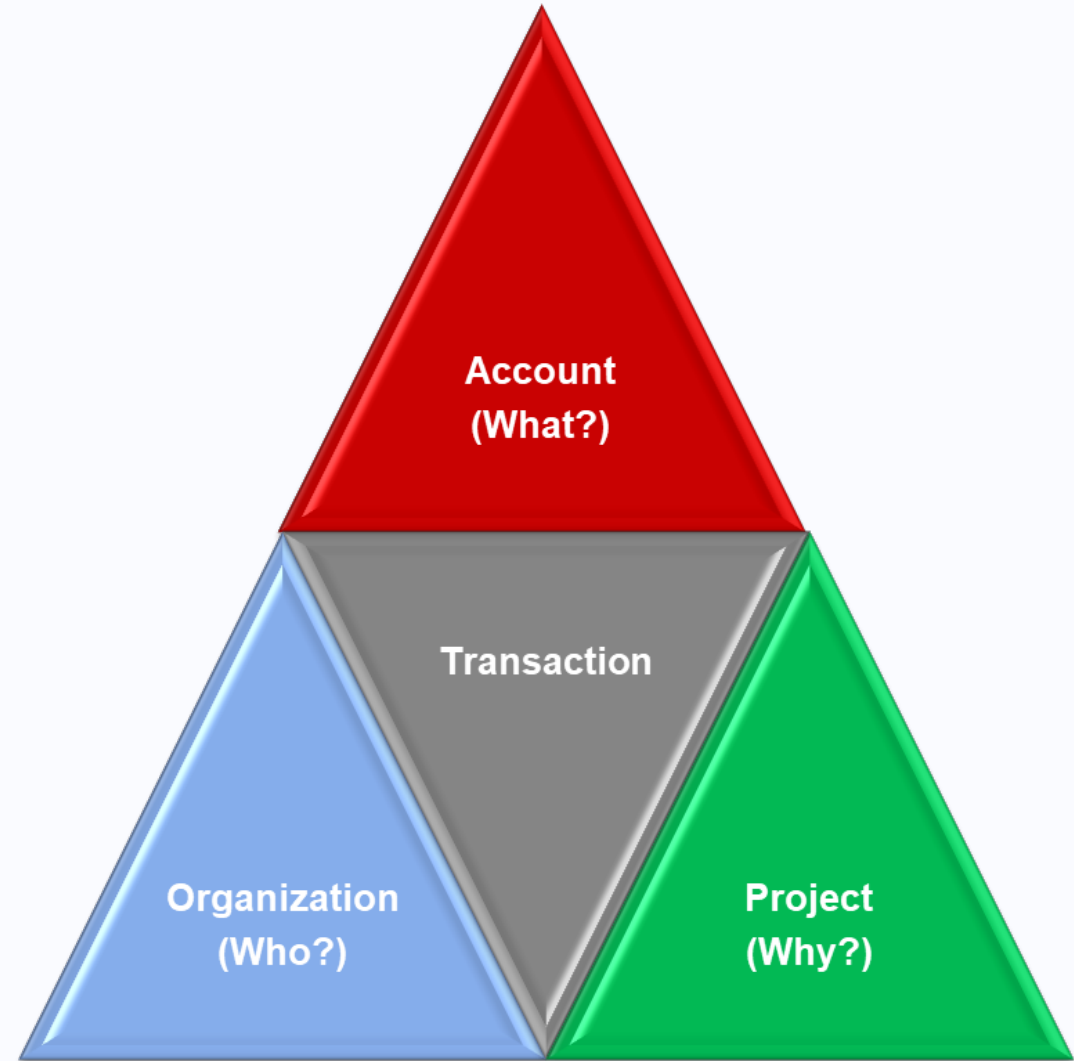


- What Types of Journal Entries are Entered?
- How are Journal Entries Prepared?
- Who Reviews Journal Entries?
- What Accounts are Reconciled?
- Who and When are Account Reconciliations Completed?
- How are Financial Statements Reviewed?
- How are Projects Reviewed?
- What Happens if Issues are Identified?

Project Accounting



Costpoint Structures & Project Segregation



Project Numbering

- **Direct: 01002.02.01.003.003AF.BK**
 - 01002 – Contract ABC
 - 01002.02 – Contract Year 2
 - 01002.02.01 – Task 01
 - 01002.01.01.003 – CLIN 003
 - 01002.01.01.003.003AF – SLIN AF
 - 01002.01.01.003.003AF.BK – ACRN BK

- **Indirect: FRG10.HOL**
 - FRG10 – Internal Fringe
 - FRG10.HOL – Holiday

Project Setup / Maintenance



Project Award

Project Brief / Setup Meeting

Project Creation*

Project Tracking

Project Modifications

- A Walk-Through in the System is Helpful
- Highlighting Setup Controls
- Highlighting Differences Between Direct and Indirect Project Setup
- Highlighting Project Tracking Mechanisms / Procedures

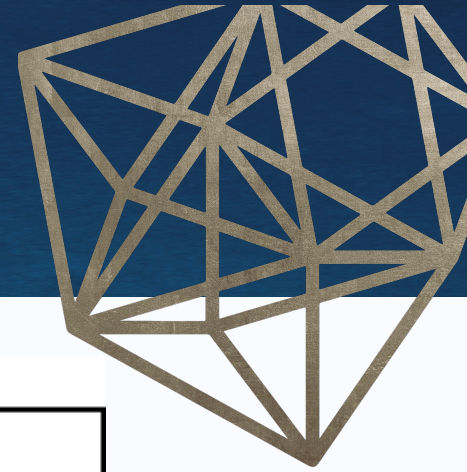
Project Charging Controls

- Project Structure
- Project Account Groups (PAGs)
- Modifications (Value / Funding)
- Ceilings and Overrides
- Project Labor Categories (PLC)
- Workforces (Employee / Vendor)
- Period of Performance (Warnings / Hard Edits)
- Billing & Revenue Formulas

Indirect Rate Structure

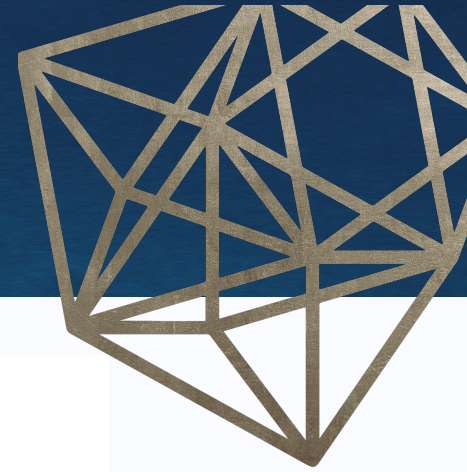


Indirect Rate Structure Overview



POOL#	DESCRIPTION	COST / NUMERATOR	BASE / DENOMINATOR
10600	Fringe	All Fringe Cost	Total Company Labor
10650	Facilities	All Facilities Cost	Hours Worked
10700	Overhead	All OH Cost Fringe Applied to OH Facilities Allocated to Direct, OH, B&P and IR&D	Direct Employee and Vendor Labor B&P and IR&D Labor Fringe Applied to Direct, B&P and IR&D
10770	ODC Admin	All ODC Admin Cost Fringe Applied to ODC Admin Facilities Allocated to ODC Admin	Direct travel, subcontractor and ODC costs
10800	G&A	All G&A, BD, B&P, and IR&D Cost Fringe Applied to G&A, BD, B&P, and IR&D Facilities Allocated to G&A	Direct Employee and Vendor Labor Fringe Applied to Direct Labor OH Applied to Direct and Vendor Labor ODC Admin Allocations

Indirect Rate Setup



Account		Org		YTD Amount
600	Paid Leave	10.600	Full Fringe	100,000
601	Payroll Taxes	10.600	Full Fringe	82,500
602	Group Insurance	10.600	Full Fringe	50,000
603	Retirement	10.600	Full Fringe	40,000
604	Other Benefits	10.600	Full Fringe	47,500
600	Paid Leave	10.610	Partial Fringe	75,000
601	Payroll Taxes	10.610	Partial Fringe	61,875
602	Group Insurance	10.610	Partial Fringe	37,500
603	Retirement	10.610	Partial Fringe	30,000
604	Other Benefits	10.610	Partial Fringe	35,625

Account		Org		YTD Amount
500	Direct Labor	10.500	Direct	575,000
700	Company OH Labor	10.700	Company OH	50,000
705	Client OH Labor	10.705	Client OH	120,000
770	Matl & Sub Hnd Labor	10.770	Matl & Sub Handling	75,000
800	G&A Labor	10.800	G&A	80,000
850	Shared Svcs Labor	10.850	Shared Services	100,000

Cost: $\frac{\$320,000}{\$1,000,000} = 32\%$
Base:

Provisional Versus Actual Monitoring

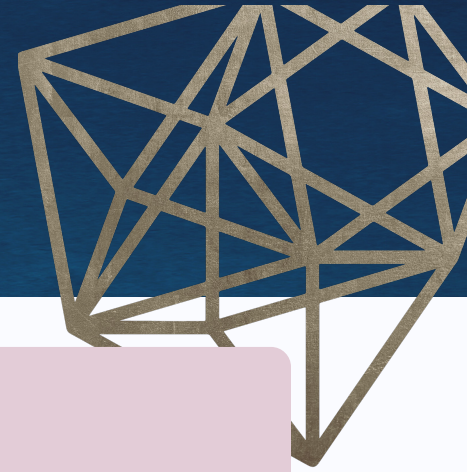
Statement Of Indirect Expenses					Page 1 of 8	
Fiscal Year: 2022 Period: 2 Subperiod: 1						
Full Benefit						
Group Number:	1	Basis:	DOLLAR			
Sequence Number:	10	Description:	All Labor			
Pool Number:	10600					

Account	Organization	Account Name	Current Period		Year To Date	
			Actual	Budget	Actual	Budget
600-510	10	Payroll Tax Expense		0.00		0.00
600-520	10	Insurance		0.00		0.00
600-530	10	Paid Leave		0.00		0.00
600-540	10	Provision For Retirement		0.00		0.00
600-580	10	Other Insurance / Fees		0.00		0.00
Total Pool Cost:			65,922.87	0.00	148,841.36	0.00

Account	Organization	Current Period			Year To Date		
		Base	Allocation	Budget	Base	Allocation	Budget
		Amount	Amount	Amount	Amount	Amount	Amount
500-100	10		18,321.34	0.00		38,011.80	0.00
D/L - Site							
500-105	10		13,073.77	0.00		33,454.61	0.00
D/L - Remote/Field Site							
700-100	10		12,265.45	0.00		27,109.42	0.00
OH Labor - Facility							
700-105	10		7,545.83	0.00		17,543.43	0.00
OH Labor - Remote							
800-100	10		14,716.46	0.00		32,722.10	0.00
G&A Labor							
Total Pool Base:		234,227.06	65,922.85	0.00	475,045.35	148,841.36	0.00

RATE:	28.144857%	31.332032%
UNABSORBED:	0.02	-0.00

Provisional Rate Determination Process



When are New Provisional Rates Determined?



Who is Involved in the Rate Determination Process?



What Method(s) are Used During the Process?



What is the Review / Approval Process?

System Process Information

- Timekeeping, Labor and Payroll
 - Work Authorization
 - Labor Distribution
 - Timesheet Corrections
- Accounts Payable
 - Voucher Coding (Direct, Indirect, Unallowable)
 - Payment Review Process
 - Monthly Reconciliation / Review
- Billing
 - Preparation, Review and Submission
 - Limitation of Cost / Funds Monitoring
 - Rate Adjustments

Timekeeping, Labor & Payroll

Work Authorizations



- Who Initiates the Work Authorization?
- How is the Authorization Communicated?
- How is it Controlled Systematically? (Workforces)
- How are Changes Handled?
- What Happens When the Project Ends?

Labor Distribution



Employee Enters Timesheet

Supervisor Approves
Timesheet

Timesheet is Exported to
Costpoint

Timesheets are Reviewed

Timesheets are Posted to
Projects (Labor Distribution)

- A Walk-Through in the System is Helpful
- Highlighting Workforce Controls
- Highlighting Timesheet Defaults Controlling Account and Org Assignment
- Highlighting Revision Tracking
- Explanation of Labor Distribution Creation / Timing

Timesheet Corrections

Revisions Tracked

Explanation Required After Signing

Re-Approval Required

**Processed as Correcting Type
Timesheet for Easy Identification**

Accounts Payable Processing

AP Voucher Coding / Processing



Who Determines
Charging Codes
on Voucher?



What Training in
Unallowable
Costs Has Been
Completed?



How are Vouchers
Reviewed and
Approved?



How is Receipt
Ensured Prior to
Payment?

AP Payment Processing

When are Payments Made?

How are Payments Reviewed /
Approved?

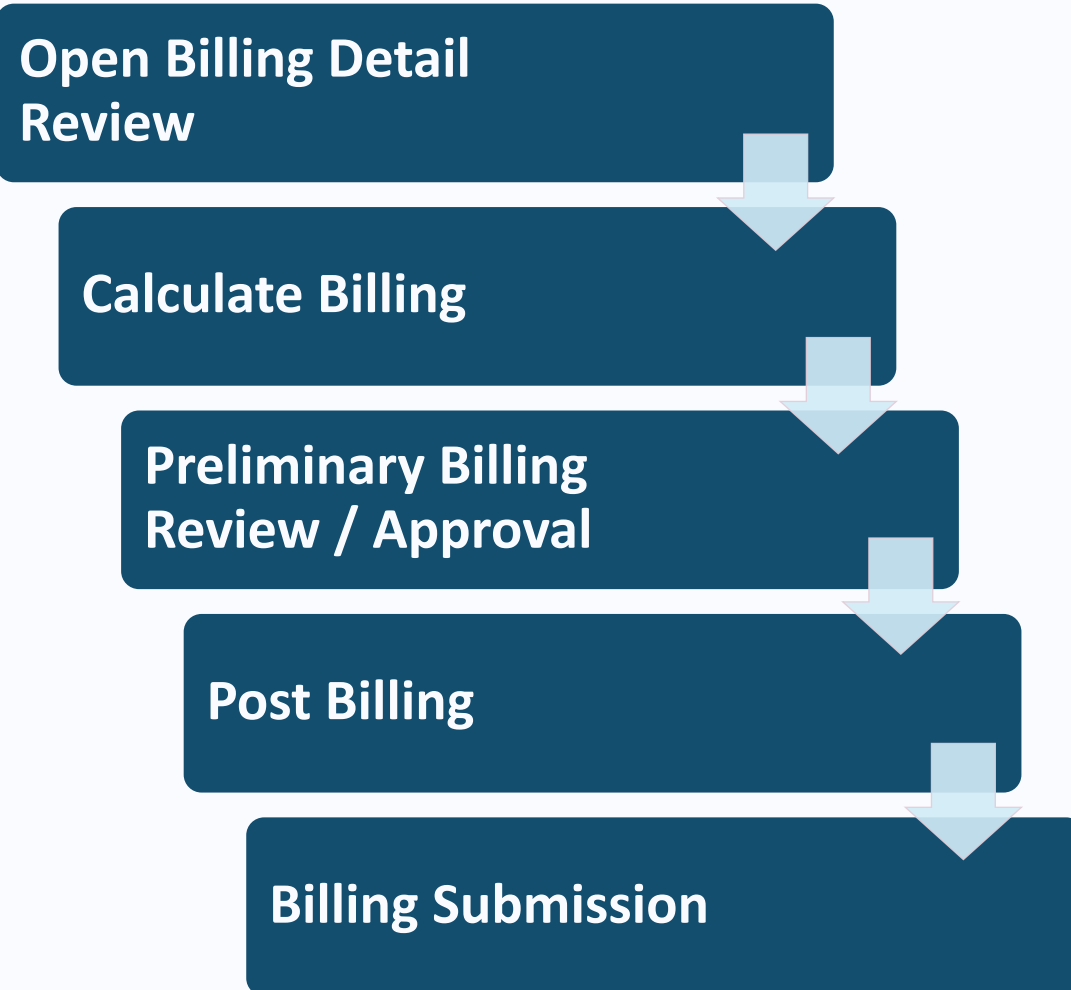
How are Payment Terms
Followed?

AP Processing Overview

- A Walk Through in the System is Helpful
- Highlight Account / Org Link Controls
- Highlight Project Account Group (PAG) Controls
- Highlight Approval Prior to Posting
- Highlight Approval Prior to Payment

Billing Processing

Billing Preparation thru Submission



- A Walk-Through in the System is Helpful
- Highlighting Automatic Calculation
- Highlighting Review / Approval Prior to Posting or Submission
- Highlighting Reconciliation Between Billings and Project Reporting

Limitation of Costs



Project
Account
Groups (PAGs)

Project Total
Ceilings

Direct Cost
Ceilings

Burden Cost
Ceilings

Cost Fee
Overrides

Burden Fee
Overrides

Hours Ceilings

Project / Funds Monitoring

Project Status Report

BY Project

Page 1 of 1

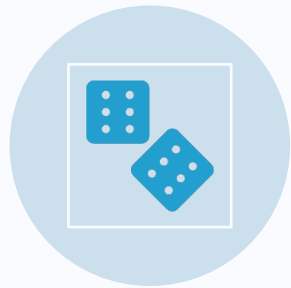
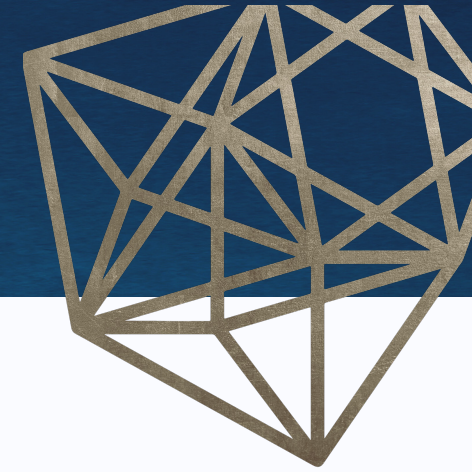
For Fiscal Year: 2022 Period: 5 Subperiod: 1
For Subperiod Ending: 02/27/22

				ITD Amounts (w/o Future Mods)	Total Amounts (All Mods)
Project:	10001	Status:	Active	Contract Value Fee:	\$8,000,000.00
Project Name:	PROJECT XYZ	Project Classif:	DIRECT PROJECT	Contract Value Cost:	\$132,000,000.00
Owning Org:	10.10.00	Project Type:	CPFF	Contract Value Total:	\$140,000,000.00
Customer:	CUSTOMER ABC	Period of Perf:	Start: 11/01/20	Funded Value Fee:	\$7,240,000.00
Prime Contract No:	A123BC-20-A-0001		End: 08/31/22	Funded Value Cost:	\$131,000,000.00
Subcontract No:		Project Manager:		Funded Value Total:	\$138,240,000.00
PO No:		Rate Type:	Actual	ITD Billed Amount:	\$125,800,000.00
Performing Org:		Budget Revision:		Open Receivable Amount:	\$7,800,000.00
		Budget Type:	B	ITD Retainage Amount:	\$0.00
				ITD Net Withholding Amt:	\$0.00

Account Name	Current Period Actual	Year To Date Actual	Contract To Date Actual				
Revenue	\$2,287,249.82	\$15,767,242.76	\$122,587,577.04				
Direct Labor	1,147,137.94	5,735,402.80	32,873,260.22				
Direct Labor Subcontractors	584,385.40	3,543,199.91	26,339,157.12				
Accrued Expenses	0.00	-20,753.44	0.01				
Unallowables	4,035.13	19,908.08	50,963.54				
Total Labor Cost, \$:	1,735,558.47	9,277,757.35	59,263,380.89				
Direct Labor Subcontractors	18,766.09	137,236.70	1,057,091.29				
Materials	1,231,958.32	4,657,369.52	29,915,872.21				
Equipment	146,635.66	983,281.78	7,629,530.77				
Travel	5,854.08	46,753.27	310,857.89				
UNALLOWABLE	0.00	0.00	5,686.12				
Total Non-Labor Cost, \$:	1,403,214.15	5,824,641.27	38,919,038.28				
G&A	0.0000%	0.00	0.00	9.48			
FB-Fringe A	0.0000%	0.00	0.00	14,826,798.91			
FB-Fringe B	0.0000%	0.00	0.00	773,277.25			
FB-G&A	0.0000%	0.00	0.00	3,529,108.10			
Total Indirect Cost, \$:			19,129,193.74				
Total Expense, \$:	3,138,772.62	15,102,398.62	117,311,612.91				
Profit, \$:	148,577.20	664,844.14	5,275,964.13				
Profit, %:	4.73%	4.40%	4.50%				

	Prior Year	Subperiod	Current Period	Year To Date	Contr. To Date
Labor Hours:	1,202,605.92	44,195.05	44,195.05	234,102.49	1,436,708.41
Units:	0	0	0	0	0

Rate Adjustments



When are Rate Adjustment Billings Calculated?



How are the Adjustment Amounts Calculated?



Who Reviews / Approves Rate Adjustments?



How and Who Verifies Rate Adjustments Against Contract Amounts?

Reports & Final Thoughts



Reports/Data Often Requested



- Chart of Accounts
- Organization Listing
- Project Listing
- Trial Balance
- Statement of Indirects
- Timesheets
- Journal Entries
- Labor Distributions
- Schedule of Total Costs and Sales
- Reconciliations
- Incurred Cost Submission
- Disclosure Statement
- Policy and Procedures

Final Thoughts



PREPARE



FOCUS ON CONTROLS



STAY CALM

Consulting Services



- Compliant Approved Accounting Systems
- Small Business Compliance
- Accounting Outsourcing & CFO Consulting
- Accounting & Billing Systems
- Human Resources Compliance
- Proposal Pricing & Cost Volume Support
- Government Property
- Material Management & Accounting System (MMAS)
- Contractor Purchasing System Review (CPSR)
- Cost, Pricing, & Budgeting
- Application of Labor Laws to Government Acquisitions
- REA's, Claims, & Terminations
- Incurred Cost Proposals
- CAS Advisory Services, Cost Impact Calculation & Disclosure Statement Preparation & Review
- DCAA Audit Support
- Contracts Management & Closeout Assistance
- Indirect Rate Strategy & Design
- Government Compliance Training

Webinars and Blogs



Sign up for our blogs and whitepapers to receive information on:

- Current industry trends in Government Contracting
- Latest DCAA and DCMA audit issues
- Accounting and FAR Compliance
- Contracts Administration
- HR for Government Contractors
- Employment Law
- Project Management
- Deltek and Unanet Implementation Guidance and User Best Practices

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