



DCAA Compliance by TimeSolv

According to 5-900 - Section 9 of the DCAA Contract Audit Manual DCAA Contract Audit Manual, defense contractors must have controls for labor systems. This document describes the DCAA requirements for timekeeping systems and TimeSolv's solutions to fulfill them.

5-902 Background Information

Reference: <http://www.dcaa.mil/cam/Chapter 05 - Audit of Accounting and Management Systems.pdf>

Labor costs are usually the most significant costs charged to Government contracts, and usually comprise the base, or the largest element in the base, used for allocating indirect costs. Historical labor costs are often used to estimate labor for follow-on or similar item Government contracts. Unlike other cost items, labor is not supported by third party documentation such as an invoice, purchase order, or receipt. Contractor personnel have complete control over the documents or devices of original entry, whether they consist of timecards, electronic media, or some other means. Responsibility for accuracy is diffused throughout the contractor's organization. Consequently, the risks associated with the accurate recording, distribution, and payment of labor is almost always significant.

5-902 Requirements

No	Requirement	TimeSolv's Solution
1	An effective method to monitor the overall integrity of the Labor/Timekeeping System.	<ul style="list-style-type: none">• Security through use of 128 bit SSL encryption, Watch Guard Firewalls and password-protected accounts & configurable access control for each user.• Multiple backups, locally every 5 minutes, offsite daily backup with Amazon.com, and available client backup with auto data export service.
2	An effective employee awareness training program to reasonably assure that all employees are aware of the importance of proper time charging.	<ul style="list-style-type: none">• Self paced Internet training available for employee.• Administrator training session available at no charge for transfer of skills in-house.
3	Effective procedures for labor authorizations/approvals to facilitate the proper accumulation and recording of labor costs to cost objectives.	<ul style="list-style-type: none">• Automated approval workflow & email notifications.• Reports for employee & approver comments.• Multiple hierarchical levels of approval.
4	Effective procedures for timekeeping to reasonably assure that labor hours are accurately recorded and that corrections to timekeeping records are documented, authorized, and approved.	<ul style="list-style-type: none">• Forced daily time recording by employee• Ability to see daily totals for each employee in calendar view to ensure that they did not enter incorrect hours in a day.• All entries and subsequent changes will go through the approval process. Notes can be added to document changes.
5	Effective procedures for labor distribution to reasonably assure the proper recording of labor costs	<ul style="list-style-type: none">• Automated report sent via email for identifying missing time by any employee.• Ability to enter time for a project and task



	to cost objectives.	<ul style="list-style-type: none"> categories. Option for project specific task using WorkSolv.
6	Effective procedures for labor cost accounting to reasonably assure that labor charges to the Government are in compliance with promulgated Cost Accounting Standards, generally accepted accounting principles, and contract terms/clauses.	<ul style="list-style-type: none"> TimeSolv enforces defined procedures and contract terms.
7	Effective procedures for payroll preparation and payment to reasonably assure independent preparation of the payroll, and that pay rates are appropriately authorized and accurate.	<ul style="list-style-type: none"> Payroll will be managed outside of TimeSolv.
8	Effective procedures for labor transfers and adjustments to reasonably assure that they are documented and approved.	<ul style="list-style-type: none"> All entries and subsequent changes will go through the approval process. Notes can be added to document changes.

5-909.2 Automated Timekeeping Systems

Procedures for automated Timekeeping Systems should provide for the accurate and current recording of labor hours by authorized employees, as well as appropriate controls to ensure corrections to labor charges are accurate and authorized.

No	Requirement	TimeSolv's Solution
a	Only the employee uses their labor charging instrument to access the labor system. (Every employee must record their own time charges)	<ul style="list-style-type: none"> Each user is limited to access and enter their own time entries.
b	Employee badge issuance is sufficiently controlled so that no number is duplicated and badges are not issued to unauthorized persons.	<ul style="list-style-type: none"> Not applicable to TimeSolv
c	Procedures are in place which require the employee to report lost badges promptly.	<ul style="list-style-type: none"> Not applicable to TimeSolv
d	Changes are initialed, authorized, and dated by the employee and supervisor and include a description of the reason for the change. This may be done	<ul style="list-style-type: none"> Management approvers will add approval comments to each time or expense entry submitted for approval.



	electronically.	<ul style="list-style-type: none">• Employees will enter changes in notes.
e	A verifiable audit trail process is in place that collects all initial entries and subsequent changes.	<ul style="list-style-type: none">• Management approvers will add approval comments to each time or expense entry submitted for approval.• Employees will enter changes in notes.

Miscellaneous Requirement

No	Requirement	TimeSolv's Solution
a	Identify direct project costs versus overhead costs	<ul style="list-style-type: none">• Time entries are identified as project costs and overhead costs with task codes.
b	To substantiate costs, sufficient records must be retained three years after the final contract billing	<ul style="list-style-type: none">• All data is stored in a central and secure database. Internal auditors can generate real-time reports for any record in the past.
c	Time entries must be recorded daily	<ul style="list-style-type: none">• Users can be locked from entering new entries or editing existing entries for prior dates.



References

<http://www.stdtime.com/dcaa.htm>

<http://www.journyx.com/products/timesheet/compliance.html>