Meeting the Challenges of DCAA Compliance

The Defense Contract Audit Agency (DCAA) provides all necessary contract and subcontract audits and financial advisory services for the U.S. Department of Defense (DoD) and other federal entities responsible for contract acquisition and administration. These services and audits are performed at all points of the procurement process, including: pre-negotiation, negotiation, administration, and contract closing to ensure that taxpayer dollars are spent on fair and reasonable contract prices.

DCAA evaluates contractors’ financial policies, procedures, and internal controls, and performs all needed contract audits through evaluation of contractor records. Areas of emphasis include: business systems, accuracy of contractors’ incurred cost representations, reliability of records, and contractor compliance with contractual provisions.

Considerations for Contractors

Timekeeping procedures and controls on labor charges are areas of utmost concern to the DCAA, and the agency encourages contractors to submit related information electronically. Electronic submissions allow for instantaneous data transmission, increased accuracy of submissions and updates, and increased productivity of all involved in the procurement cycle.

For organizations that contract with the DoD, the DCAA has set specific guidelines to help ensure that the time spent on projects is accurately accounted for, and that there is no misrepresentation of facts or misuse of funds. Many contractors struggle to meet the terms of these guidelines, however, because of the requirement for meticulous, time consuming record keeping and strict workflows.

Contractors who still rely on manual processes are at a particular disadvantage, as these processes not only hinder the ability to meet DCAA requirements, but also make any potential audits quite difficult.

Compliance Best Practice: Time Tracking Automation

Replicon’s cloud-based time tracking solutions can help organizations take some of the critical requirements around DCAA compliance and automate the processes for data entry, approval, edits, and storage — empowering contractors to concentrate on the projects and work at hand, rather than worry about operational issues.

Streamline time capture associated with projects

Centralized time capture by project makes it easy for employees to enter time with comments, thereby improving accuracy while reducing the need for follow-up.

Configurable workflow for access, approvals, and edits

With the Replicon solution, contractors can ensure that time entries are accurate and that any changes are approved, commented on, and dated by the employee and supervisor, making it easier to track changes and reasons.

Ease of reporting for audits and secure storage

The advanced reporting capability enables organizations to store labor data securely in the cloud, report on it in the format they need, and easily access and provide requested data for audits.
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<th>DCAA Requirements</th>
<th>How Replicon feature supports the requirement</th>
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| Work descriptions should be clear and detailed so they can be used to track whether work can be allocated to government contracts. | › In Replicon, users can enter time against projects.  
› Projects can be set up with an unlimited number of hierarchical task levels, allowing for precise descriptions of cost objectives.  
› Organizations can make it compulsory for employees to add additional comments on each time entry, and use additional custom fields to capture more details. |
| Work hours should be recorded daily. | To promote daily entry of hours worked, you can set up Replicon’s Daily Reminder email notification to be sent to employees each day, at a specific time. In addition, you can set up the system so that if an employee enters time late, they are required to enter an explanation. |
| Projects should be closed when cost limits are reached. Task assignment and task completion should be segregated, to the extent practical. | › In Replicon, to ensure tasks and projects are closed promptly, project managers can set up project estimates and, upon reaching the estimate, these can be marked as complete.  
› Access to set up and modify projects and assign tasks can be limited to those with Project Management permissions, making sure task assignment and task completion are segregated. |
| Only the employee has access to record their hours worked. | In Replicon, you can make sure that only the employee has access to time entry and edit — preventing anyone other than a timesheet’s owner from editing their time. |
| Changes to hours recorded must be initialed, authorized, and dated by the employee and supervisor, and must include a reason for the change. | In Replicon, employees can be required to enter a reason for changes they make to their timesheets by enabling the Require Reason for Changes option in timesheet templates. |
| A verifiable audit trail is in place that collects all initial labor hour entries and all subsequent changes. | In Replicon, all initial values entered in timesheets — and all changes made thereafter — are recorded by default and can be viewed in the Audit Trail report. |
| A verifiable audit trail of labor charges to appropriate cost objectives exists. | You can use one of the following Replicon reports to view hours and costs for each project or task:  
› Timesheet Day  
› Task Time, Expense, Cost & Billing  
› Project Team Time, Expense Cost & Billing  
› Project  
› Project |
| Reports of labor edit errors should be generated and distributed for review and corrective action. Reasons should be endorsed by employee and supervisor. | › If a timesheet is found to have errors after submission, its approvers can reject the timesheet.  
› Then, the timesheet owner can re-open it, edit the errors, and resubmit the timesheet.  
› All changes are tracked in the Audit Trail report. |
| Automated timekeeping systems should be secure and reliable. | › Replicon uses state-of-the-art technology and follows rigorous security procedures to protect your data from any unauthorized access.  
› Data is stored in secure, restricted-access facilities; on redundant networks; and on servers that are continuously monitored. |
About Replicon

Replicon is the leading provider of cloud-based time tracking software. Our award-winning solutions are used by more than 1.5 million people in over 7,800 organizations across 70 countries. We help customers to better manage workforce attendance, expenses, projects, professional services teams, and shared services resources.

Our diverse customer base — from start-ups to Fortune 500 companies — trusts Replicon to help reduce compliance risk, keep costs down, and provide greater insight into business performance. Clients include: FedEx, MetLife, New Zealand Transport Agency (NZTA), Novartis, Orbitz, and Xerox. Replicon is a global company with employees in Australia, Canada, India, the United Kingdom, and the United States.

Streamlined Time Capture Associated with Projects

Ease of Reporting for Audits