

Government Contractor Financial Management

Bookkeeping

- Logical chart of accounts and cost structure
- Transactions booked to the appropriate account and in accordance with GAAP
- Material costs are accrued monthly
- Monthly closing of the books by about the third week of each month
- DCAA compliant

Bookkeeping is the foundation of financial management and without a solid foundation we can't do any of the other financial management activities well. Managed by a monthly close schedule and accounting policies and procedures. Monthly accruals for material costs like employee earned vacation or paid time off allows us to understand our true monthly profitability and recognizes real liabilities on our balance sheet. Monthly closes are hard closes that once closed stay closed. Any adjustments happen in future months. We don't go back.

Budget, Forecasting, and Reporting System

- Annual Budget
- Quarterly Forecast
- Monthly Reporting

The annual budget is developed in the last quarter of each fiscal year for the following the following year. It sets company goals, management performance expectations, and provisional indirect rates. It is a collaborative process that includes managers of direct, indirect, and sales organizations. The managers present their initial budgets to the executive team who accepts the budgets or adjustments/stretches them before they become final. Budget is by indirect pool, direct project, person, and general ledger

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account. It includes both base and new business supported by a factored pipeline. The budget projects 5 years out and includes a revenue waterfall schedule that shows where existing business ends and new business begins.

The quarterly forecast is similar to the budget except some of the months are actual results and we are trying to get a real sense for where the company is heading. We aren't looking to stretch managers. We just want to know what is happening and any corrective actions we need to take or opportunities we can capitalize on to improve performance.

Monthly reporting of actual results for the month, quarter, year to date, and trend by month year to date. Company statement of profit & loss, balance sheet, cash flow, indirect pool and base, project P&L, person P&L and hours, and vs. budget, forecast, and prior year. Reported monthly to the executive team at a summary level, reviewed in detail at quarterly program review meetings, and available online each month in KPI dashboards and drill downable reports. Contract/project/task order funding, period of performance, unbilled revenue, and open accounts receivable is included in the monthly reports.

The quarterly forecasts and monthly reporting of actual vs. forecast variances makes us better at predicting the company results and instils a stronger understanding within the management team of the financial impact of the decisions that they make.

Pricing

Cost build up from ERI or WMG salary survey data. Provisional indirect rates for non-competitive or small competitive opportunities and model the impact of large competitive opportunities on the indirect rates. Compliant and compelling cost exhibits and narratives.