

Today's Government Contracting Reality

The world of government contracting continues to move at a swift pace. Competition is increasing and the ever-changing rules can spell opportunity or disaster to the uninitiated.

Companies electing to do business with government entities, whether local, state or federal, will find themselves with a customer who behaves quite differently than those in the commercial marketplace.

Most organizations today cannot effectively and economically employ on a full-time basis personnel with our experience and practical knowledge relative to the myriad government contracting regulations and ever-increasing complexities of operations and compliance. Without in-house capability the selection of your external resources necessary for your compliance and consulting needs becomes critical to the success of your organization.

We believe that we are best suited and equipped to provide the external resources that you will require – resources available to you on an as-needed basis ranging from a quick consultation, a complete review and assessment of your government contracting processes and procedures or as your government contracting business advisors, a part of your management process working for your continued success.



7918 Jones Branch Drive · Suite 750 · McLean, VA 22102
703-748-5827 · 703-266-1122 fax
www.GaffeyCPA.com

What Makes Us Different?

Gaffey & Associates Government Contracting Services Group is dedicated to providing professional services that exceed our client's expectations with the delivery of solutions that are custom-tailored to their specific need. We take a personal approach to your needs and address your challenges and opportunities with advice, action and accountability.

- We prefer to listen until we understand your business, your goals, your concerns and the problem.
- We recognize that "one-size fits all" solutions seldom do.
- We coordinate our resources, both in-house and through our many alliances, with your needs – we do not try to be everything to everyone.
- We provide the hands-on, realistic experience of people who have "been there, done that".
- We want to become your business advisor – an integral part of your day-to-day management process.
- We are thoroughly committed to you and your company's success.



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Development of Indirect Cost Allocation Plans

One of the least appreciated and most maligned tools in management's toolbox is the allocation of indirect expenses to final or interim cost objectives. The indirect expense rate structure of an organization, whether for-profit or not-for-profit, whether service-oriented or a manufacturer or some combination of both should mirror the operational organization. Indirect expense rates should be considered both a strategic and a tactical element of your business plan. They are more than just a by-product of the accounting and budgeting system. Your indirect rate structure must play a major role in supporting your strategic business model and must not be inconsistent with your businesses operating model.

Indirect rate structures are influenced by many factors and must reflect as accurately as possible the most –

- efficient operating structure of the organization,
- competitive allocation of costs to the organizations final cost objectives,
- realistic projections of the anticipated future direction of the organization,
- proper identification of the "true" cost of an organizations final cost objectives,
- meaningful information upon which management can base its decision making process,
- favorable cost recovery and cash flow scenario.

With all of this an organization's indirect rate structure must be compliant with all applicable Government regulations and the requirements established by the contract or award.

The ultimate goal of your indirect expense rates should be to:

- (1) facilitate the management's decision making process;
- (2) identify opportunities to maximize cost recovery;
- (3) improve the organization's competitive position; and
- (4) maintain contract and/or regulatory compliance.

Gaffey & Associates Government Contracting Services Group can help you obtain the most from your indirect cost rate structure and cost allocation plans. We can assist you in the preparation, implementation and negotiation of an indirect cost rate structure that will best fit your organization, be compliant with applicable regulations, maximize indirect cost recovery and provide you with meaningful cost information on which to make management decisions.



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Terminations for Convenience/Requests for Equitable Adjustment

Not all contract actions end successfully, or profitability. This is commonly beyond the control of the contractor or subcontractor and can contractually allow the contractor additional compensation and/or adjustment in contract performance and delivery requirements avoiding consequential damages.

Gaffey & Associates Government Contracting Services Group has extensive experience in the development, preparation, submission and negotiation of contract change proposals covering the impact of terminations, delays, stop work orders, differing site conditions, the lack of government cooperation, over-inspection, etc.

The effective administration of the overall contract change process, even before the active involvement of legal counsel, can save time and money and can be critical to the avoidance of disputes and obtaining an equitable settlement.

Recent experience in the preparation, submission and negotiation of terminations for convenience and requests for equitable adjustment include:

- Wide Area Augmentation System (WAAS) FAA Termination for Convenience;
- Army Base Maintenance and Operation Contract Award Bid Protest;
- Request for Equitable Adjustment – Build-to Print Navy Contract;
- Request for Equitable Adjustment – EPA Remediation Contract;
- Termination for Convenience – Canadian Aircraft Contract;
- Quantum Calculation Rebuttal – U.S. Department of Justice;
- Quantum Determination – Subcontract Termination;
- Expert Witness Testimony – Mediation Settlement of Construction Contract Delay Claim;
- Quantum Determination – Stop Work Order; and a
- Quantum Determination – Excess Quantities.

We have also provided in-house and open-enrollment training seminars on Contract Change Proposals for the National Contract Management Association (NCMA), Institute for Management Accountants (IMA) and for a major accounting firm.



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FAR, CAS and OMB Circular Compliance

Government contracts or grants awarded and performed are subject to the myriad requirements of either the Federal Acquisition Regulation (FAR), the appropriate agency supplements (DFARS, DEARS, GSAM, etc.), the Cost Accounting Standards (CAS) or the Office of Management and Budget (OMB) circulars and in some cases, more than one set of regulations apply. Your success and ultimate profitability rests on your understanding of these regulations and how they apply to your contracts.

The Government Contracting Services Group can provide insight into the intent of the applicable regulations, provide realistic knowledge of what is required to comply and establish policies and practices designed to minimize the risk of non-compliance.

We provide assistance with FAR cost allowability issues, compliance with the CAS, drafting and reviewing Cost Accounting Standard Board Disclosure Statements, performing cost impact studies resulting from a change in accounting practice and responding to government audits and audit findings.



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Business Systems Assessment

It is never too early to establish and maintain proper business systems. The Defense Contract Audit Agency (DCAA) and other Government agency auditors place an extreme amount of emphasis on the establishment of and compliance with proper business systems. These systems include: accounting, billing, cost estimating, procurement, subcontract management, contract management, labor recording and distribution, other direct costs, budgeting and forecasting, government property control, compensation and much more.

Through diagnostic business system reviews we assess the existence, adequacy and compliance of an organizations various business systems. These DCAA-based reviews provide applicable gap analysis and corrective action recommendations based on the existing control structure and risk environment. The results of these reviews are base-lined against industry practice to facilitate the establishment of "world class" business processes.

Outside of the goal of providing accurate and timely financial accounting data these systems must:

- Facilitate the organizations decision making process
- Identify opportunities to maximize cost recovery and profit
- Improve the organization's competitive position
- Maintain contract and/or regulatory compliance.

We provide insights into these goals relative to government contracting and recognize the inter-relationship between accounting and the other business systems.



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Government Contracting Training Seminars

Our training workshops are offered either in-house at our facility or in an open enrollment environment at our state-of-the-art training facility in the McLean, VA/Washington, D.C. metro area. The courses are specifically designed to address real-world opportunities and problems faced by all companies doing business with the federal government.

Our team of instructors are key to the success of the learning process. Our extensive portfolios of accounting-based, government contracting centric seminars, from the basic to the advanced, are presented in both a lecture and workshop format. They are extremely interactive, balancing the classroom lecture format with the real-world experiences of the instructors, supplemented with comprehensive course materials and, where appropriate, case exercises designed to bring the learning experience home.

Current seminar offerings include:

Tool for Business Success – Pricing and Costing Basics	Fundamental Compliance
Introduction to Federal Contracting	Terminations for Convenience
Requests for Equitable Adjustment	Business System Requirements in Government Contracting
Understanding and Complying with the FAR Cost Principles	Cost Accounting Standards
Understanding Government Audits	Internal Oversight of Government Contractors
Ethics and Self-governance Programs	



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Proposal Pricing and Review

In today's competitive marketplace your response to a government Request for Proposal (RFP) may be the first and last chance you have to get it right. The Government Contracting Services Group can assist you in preparing your proposal through pricing structure development, development of multi-year rate projections and the performance of independent "red team" reviews to evaluate your proposal against the requirements of the RFP and assess your pricing methodology.



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Business Process Analysis/Operations Improvement

Vulnerability Assessment Diagnostic Reviews (VADRs) and business process reviews similar to those performed under Sarbanes-Oxley (SOX) 404 identify operational and management areas that may pose compliance risks and be increasing operational costs. Identifying these areas and re-evaluating your business practices and organizational philosophies will enable you to become more efficient and effective in the competitive government marketplace.

Performance of VADRs helps identify and prioritize key business and compliance risks that impact the strategic well being of the organization. They provide a clear picture of the organization – relative to the compliance risk it is assuming – and give management the information it needs to help optimize overall compliance and performance.



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Accounting System Design and Assessment

Contrary to popular belief the accounting system must accurately and promptly report the activities of your operation – not dictate how you run your business. The award and performance of a government contract requires the design, implementation and continual maintenance of an acceptable contract cost accounting system that is capable of accumulating costs by contract and/or contract line item, defining costs as either direct or indirect and segregating costs that are deemed to be unallowable under the Federal Acquisition Regulation (FAR) or contract clauses.

Having a proper accounting system is critical to obtaining government contracts and to being able to bill the government for services rendered. We can assess your organizations accounting needs, assist you in evaluating accounting software alternatives, design your accounting system structure to be compliant with the applicable government regulations and define the risk-associated internal control points.



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Subcontract Management

With Gaffey & Associates Government Contracting Services Group's understanding of the federal procurement regulations, the requirements of subcontractor flow down clauses and the many contractual alternatives available to your subcontractors we can assist in providing knowledgeable subcontract administration. We can provide invaluable assistance in ensuring that your subcontractors: comply with contract reporting requirements, properly report costs and progress through an adequate earned value management process, identify and value contract changes conditions, and perform timely contract closeout.



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SAMUEL G. DAVIDSON, PRINCIPAL

Sam Davidson leads the Government Contracting Services Group at Gaffey & Associates, PLC. His responsibilities include the delivery and oversight of the firm's compliance and consulting services focused on all areas related to the Government Contractor.

Sam has over 40 years of experience in government contracting and accounting for government contracts. Sam specializes in the development and implementation of compliant indirect cost allocation plans, preparation, submission and negotiation of requests for equitable adjustment and termination settlement proposals, interpretation of the Federal Acquisition Regulation (FAR), Cost Accounting Standards (CAS) and OMB Circular compliance requirements, the performance of business process analysis/ improvement reviews, and internal controls. His proactive approach to potential control and compliance situations addresses: systemic problem identification, the implementation of realistic and practical corrective actions, and continuing control and compliance verification.

Prior to joining Gaffey & Associates Sam was a manager in the Government Contractor Practice group of one of the "big four" accounting firms. His responsibilities included working with first and second tier clients on a national and international basis covering all areas of business and compliance. Before that he was President and CEO of Frontier Management, Inc, a consulting firm specializing in providing clients independent financial and operational management and government compliance consulting support, awareness development training and corrective action planning and implementation assistance. Additionally, he has extensive and varied internal experience as Director of Operational Analysis at a major aerospace and electronics contractor.

Sam has chaired conferences on pricing and cost estimating and spoken on the importance of internal control programs. He has spoken in front of the New York State Society of Certified Public Accountants and the Greater Washington Society of Certified Public Accountants Non-Profit Symposium on the importance of indirect rates, given seminars on the preparation of equitable adjustment proposals for the National Contract Management Association of which he is a member and has spoken on Pricing and Costing at the George Mason University. Sam is a member and a frequent guest speaker for the Institute of Management Accountants and has spoken on Labor Hour Contracting, Progress-Based Payments, Requests for Equitable Adjustments and Terminations and Contract Closeouts and is a member of the Greater Washington Society of CPA's. He has a Bachelor's degree in Accounting from Bowling Green State University in Ohio.

