

SPECIALIZATION:

# *Government Contracting Services and Capabilities*



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. Companies electing to do business with government entities will find themselves with a customer who behaves, in many ways, very differently than your commercial customers.

The procurement statutes and related federal regulations governing your dealings with the government are filled with issues of form versus substance. Often how you complete the task is as important as getting it done. Unlike most businesses, if you want to prosper in this environment you need to get it right the first time.

Specialized knowledge is necessary to effectively work with the government as a contractor or subcontractor. Before, during and after the process you need to have a complete understanding of: the procurement process, contract types, contract clauses, allowability and allocability of costs, subcontracts, contract performance and much more.



### **The Government Contracting Services Group provides hands-on assistance in the following areas:**

#### **Federal Acquisition Regulation –**

All government contracts awarded and performed are subject to the requirements of the Federal Acquisition Regulation (FAR) and the appropriate agency supplements (i.e., DFARS, DEARS, GSAM, etc.). We provide the understanding and knowledge of what is required to comply with the myriad of regulations to assist in the successful and profitable performance of your government contracts.

#### **Accounting System Implementation -**

The award and performance of a government contract requires the implementation and maintenance of an acceptable cost accounting system that is capable of accumulating costs by contract and/or contract line item, and segregating costs deemed to be unallowable under the FAR or contract clauses. Proper accounting system implementation is crucial for governmental approval, a requirement in obtaining government contracts and to directly bill the government for the services rendered. We can assist in evaluating accounting software packages, establishing the accounting system structure, and defining the risk-associated internal control points. Contrary to popular belief the accounting system must accurately and promptly report the activities of your operation - not dictate your operations.



### **Indirect Cost Rate and Cost Allocation Plans –**

It is essential for the indirect cost rate and cost allocation plans to mirror operations and maximize overall cost recovery to the fullest extent possible. It is an absolute requirement that the indirect rate and cost allocation processes always provide a true picture of the cost of operations and contracts. Without this information no organization can make informed business decisions. We can assist in the preparation, implementation and negotiation of these indirect cost rates and cost allocation plans and provide meaningful input into your costing structure.

### **Proposal Preparation, Submission and Negotiation –**

We are available to assist in the preparation of your proposals in accordance with the Request for Proposal or Request for Quote. Through the performance of “red team” reviews we can evaluate your proposal against the requirements of the RFP/RFQ and assess your pricing methodology. This allows you to maximize profitability and cost recovery in an ever-competitive marketplace.

### **Terminations for Convenience and Requests for Equitable Adjustment -**

Not all contract actions end successfully, or profitably. This is commonly beyond the control of the government contractor or subcontractor and can contractually allow the contractor additional compensation and/or adjustment in contract performance requirements. Gaffey & Associates has extensive experience in the development, preparation, submission and negotiation of termination for convenience settlement proposals and requests for equitable adjustment proposals covering the impact of terminations for convenience, delays, stop work orders, differing site conditions, the lack of government cooperation, over-inspection, etc. The effective administration of the overall contract change process is critical to the avoidance of disputes and obtaining equitable settlement.

### **Contract / Subcontract Management –**

With our understanding of the federal procurement regulations, requirement of subcontractor flow down, and available financing alternatives, we can assist in providing knowledgeable contract administration essential for successful contract performance while maintaining and developing good customer relationships. We can assist in compliance with contract reporting requirements, implementation and maintenance of an earned-value management system, identification of contract change conditions, the pricing of contract change modifications, and the establishment and monitoring of past performance data and contract closeout.

### **Strategic Contracting/ Business Process Outsourcing -**

Every day more and more organizations are returning to their core competencies and strategically outsourcing such functions as information technology, finance and accounting, internal auditing, procurement, and human resources. Gaffey & Associates can assist in the initial cost benefit analysis, the establishment of anticipated results, identification of potential subcontractors, negotiation of the applicable subcontract vehicle, and the monitoring of contract performance.

### **Cost Accounting Standards –**

The CAS is applicable to selected negotiated contracts issued by all agencies of the Federal government unless the contract meets specific exemptions. Knowledge of these exemptions and the CAS technical and administrative requirements is critical in maximizing the recovery of costs and mitigating contract performance risk under CAS-covered contracts. Gaffey & Associates can assist in interpretation and compliance with CAS requirements as follows:

- Establishing compliance with the requirements of CAS
- Identification of accounting practice changes
- Accounting system disclosure
- Preparation of cost impact studies quantifying cost accounting changes.

### **In-house and Open Enrollment Training Seminars –**

Our training workshops and seminars are designed to address the everyday problems and opportunities faced by companies doing business with the federal government. They are extremely interactive, balancing the classroom lecture format with the real-world experiences of the instructors including comprehensive case exercises designed to bring the learning experience home.

#### **Present In-house and Open Enrollment training subjects covered include:**

- Contract Types, Revenue Recognition, and Financing Alternatives
- Basics of Government Contracting
- Indirect Cost Recovery Methodologies
- Understanding FAR Part 31 and CAS Requirements
- Basics of Government Procurement and Subcontracting
- Compliant Business Systems Requirements
- Preparing and Negotiating Equitable Adjustment Proposals
- Preparing Termination for Convenience Settlement Proposals

### **Mergers and Acquisition –**

Whether buying or selling an organization, an experienced level of due diligence is required to protect your interests. Contracting with the Federal government presents unique differences in assessing the risks associated with the purchase of a company as well as the unique differences in the manner in which a company markets to potential purchasers. We have extensive experience in these transactions and can greatly facilitate a successful merger, acquisition or sale.

We can also assist in the critical assimilation phase facilitating the combination of the two business processes and cultures.



### **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 systems reviews we assess the existence, adequacy and compliance of an organization's 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 the systems must:

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

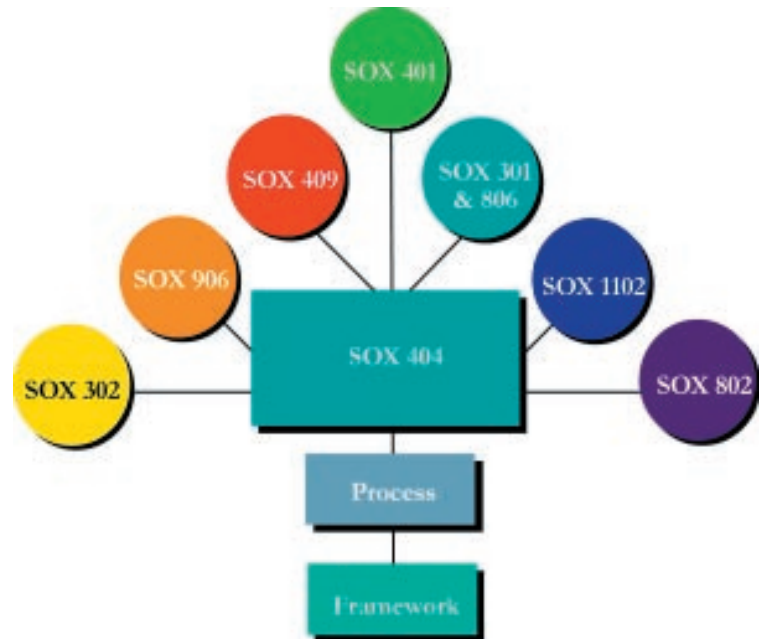
We provide insights into these goals relative to government contracting and recognize the inter-relationship between accounting and other business systems.

### **General Services Administration (GSA) Supply Schedule Contracting -**

Many of today's successful companies are taking advantage of the benefits provided by having a GSA schedule contract. We at Gaffey can assist your organization in the pre-bid business case evaluation process, development of pricing strategies and support documentation, preparation and submission of the schedule offer, continuing contract administration, compliance monitoring, and assistance in the preparation for and guidance during a government audit.

### **Sarbanes-Oxley (SOX) and Government Contract Compliance –**

To obtain maximum benefit from your SOX 404 efforts, we provide assistance in transitioning the internal control points identified under SOX to the compliance control points required under government contracting. This integration of the financial and contract compliance requirements provides strength to both, and leads to a cost effective utilization of the SOX process.



### **Business Process Analysis / Operations Improvement –**

Vulnerability Assessment Diagnostic Reviews (VADR's) and business process reviews identify operational and management areas that may pose compliance risk. This will enable organizations to be more effective in the marketplace by re-evaluating their business practices and organizational philosophies.

Performance of VADRs helps you identify and prioritize key business risks that impact the strategic well being of the organization and its ability to efficiently and effectively comply with government procurement regulations. 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.

## *Other Specialized Services Available for Government Contracting Organizations*

### **Policies and Procedures –**

Adequate policies and procedures are the foundation on which successful companies operate and are a mechanism to ensure compliance with required procurement and accounting regulations.

Policies and Procedures are developed to guard against the inconsistencies resulting from the loss of employees, assets, and business due to inexperience or misunderstanding. They are the first thing reviewed by the government in assessing the adequacy of the various business systems and are audited first against compliance with the applicable regulations, and then against actual performance. Our review of existing policies and procedures against those required allows us to identify GAPS. Walk-throughs of actual performance further identifies areas of required corrective action, allowing you to take a proactive approach.

### **Ethics and Business Conduct –**

An established code of ethics and business conduct, supported by management, sets the “tone at the top” for doing business not only with the federal government but with the commercial marketplace as well. It is the foundation upon which all successful business relationships grow.

We can assist in the development, implementation and maintenance of a solid ethics and business conduct program.

## *Why Select G&A for your Government Contracting Needs?*

The selection of your external resources necessary for your compliance and consulting needs is critical to the success of the overall effort. Outside resources must have a deep understanding of the Government Procurement Statutes and Regulations, the implications of compliance, as well as a deep appreciation for the level of detail and intensity that will accompany your compliance effort.

We believe that we are best suited and equipped to provide the external resources you seek. The required support is available to you as needed, ranging from a quick consultation, to a complete review and overhaul of your processes and procedures. There are four key reasons why we believe that we are the firm for you:

### **(1) Structured, Comprehensive Approach**

We have an approach to compliance engagements that represents an integration of process and framework solutions. The approach is linear in nature – it is based upon gaining an understanding of how your systems and processes are structured and managed, followed by an organized series of steps, tasks and subtasks, all controlled and managed through a detailed plan.

In addition to our project team, our approach calls for an integration with your financial and compliance team. This will not only serve to distribute responsibilities in a timed and coordinated fashion, but will also provide a means to reduce overall engagement costs.

### **(2) Our Experience and Expertise**

Founded in 1989, Gaffey & Associates has grown and diversified from initially offering accounting, tax and auditing services into a multi-dimensional firm providing traditional and non-traditional CPA services. Some of our specific offerings target the specialty areas of business advisory, financial services, regulatory compliance, and technology and information security.

Our professionals have assisted companies with their Government Contracting and other compliance needs for over 40 years. Additionally we have worked with small and mid-cap companies on governance and compliance initiatives, including client education and training, management and board consulting, and work plan development. Further, we bring a wealth of general compliance experience to your engagement, as a consequence of our work for government contractors, high tech, financial institutions, real estate and not-for-profit/tax exempt organizations.

### **(3) Resources**

Our Government Contracting Compliance team is represented by experienced professionals, who are committed to these services and therefore have access to the best resources available, who have spent years searching and researching what constitutes industry best practices. We provide a comprehensive range of technical and practical solutions. We are able to assimilate the resources of varied disciplines to help you achieve an integrated approach to contract costing, pricing, finance, and administration matters. It is this combination of technical and practical experience along with proven results that provides added value to our clients.

Our Government Contracting newsletter and quarterly breakfast meetings are just two of the ways that our clients are kept abreast of current contracting issues and thought leadership.

### **4) Philosophy of Client Service**

#### **Personal service, friendly attitude, committed to you:**

We take a personal approach to your needs and address your challenges and opportunities with advice, action and accountability. While many CPA and consulting firms contain a wealth of knowledge, our clients tell us they enjoy working with us because we are professionals who are committed to helping you without ego or pretense.

#### **Higher Value:**

Because we do not incur the overhead and other expenses like large firms we are able to offer you a higher value for your investment. In addition, unlike many other firms, we provide extensively trained and experienced professionals who are ready to assist you immediately. We will arrive qualified and ready to help.

Gaffey & Associates has substantial expertise in the field of government procurement, which has been developed through years of working with government contract clients in a variety of industries for which we provide audit, review, tax, and contract consulting services.

### **David L. Talley**

David Talley leads the firm's Regulatory Compliance Practice, which includes the Government Contracting Team. He is responsible for the delivery and oversight of the firm's services with a particular focus on technology and information security, regulatory compliance, and international services.

David has over 20 years of business and financial management experience that includes specialization in the development and implementation of corporate strategies and policies, internal controls, governance, technology and information systems.

Prior to joining Gaffey & Associates, David was the Vice President and Managing Director of a subsidiary of a major international banking organization, and was responsible for the leadership and management of the company's operations throughout the Western Hemisphere. His duties included systems security and governance, and regulatory compliance for the organization's financial services and global product offerings

Additionally, he held various senior-level positions in the broadcasting industry for more than 12 years. David began his professional career with a "Big 4" accounting firm where he was responsible for client services in regulated industries such as banking, insurance, health care, broadcasting, oil and gas.

David holds a Bachelors degree in Accounting and Information Systems as well as a Masters degree in Accounting and Finance from the University of West Florida. He is a Certified Public Accountant, Certified Management Accountant, Certified Information Systems Auditor, and Certified Information Technology Professional.

David's professional affiliations include several groups focused specifically on Government Contracting including the AICPA's Government Quality Group, the Association of Government Accountants and the Institute of Management Accountants.

### **Samuel G. Davidson**

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

Sam has over 30 years of experience in government contracting and accounting for government contracts. He specializes in the preparation, submission and negotiation of incurred cost submissions, analysis of overhead/indirect rate structures to facilitate maximum cost recovery, the performance of business process analysis/ improvement reviews, and internal controls.

Prior to joining Gaffey & Associates Sam worked as the Government Contractor Practice group leader at "Big 4" accounting firm. His responsibilities included working with first and second tier clients on a national basis covering all areas of business and compliance. Prior to that he was President and CEO of Frontier Management, Inc, a consulting firm specializing in independent services to government contracting organizations. Additionally, he has extensive and varied internal experience as Director of Operational Analysis at a major aerospace and electronics contractor.

Sam is a recognized expert in the field of government contracting and has chaired conferences on pricing and cost estimating, spoken on the importance of internal control programs, and spoken in front of the New York State Society and the Greater Washington Society of Certified Public Accountants on indirect costs. He has given seminars on the preparation of equitable adjustment proposals for the National Contracts Management Association (NCMA) of which he is a member. He is also a member of the Virginia State Society of CPA's and the Institute of Management Accountants (IMA) where he has spoken on requests for equitable adjustments, terminations, performance-based payments and time and material and labor hour contracting. Sam has a bachelor's degree from Bowling Green State University in Ohio.

### **James A. Massey**

Jim brings with him more than 10 years experience in regulated industries and government compliance, including significant background in auditing and consulting. Jim manages many of G&A's government and compliance engagements.

Prior to joining Gaffey & Associates, Jim worked with the Defense Contract Audit Agency (DCAA). Having been posted to several branches in Northern Virginia, Jim has worked with both first and second tier contractors performing assignments in all areas of contract compliance. Additionally, he has had a successful career in healthcare, having worked in various levels of practice and management.

Jim earned his Masters Degree in Accounting from The George Washington University and holds a bachelor's degree from Salisbury State University.

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7918 Jones Branch Drive Suite 750 McLean, VA 22102

Telephone: 703-748-5808 Fax: 703-226-1122

[www.GaffeyCPA.com](http://www.GaffeyCPA.com)