

DCAA Compliance News: *Insights and Practical Advice*

April 2018

President's Corner—With Fred Kline



I wonder if you love Spring as much as I do? The change in the seasons signals a time for renewal and, more to the point, I know that April 15th is on the horizon. Our newsletter continues to generate good feedback so I hope that you are enjoying it. I welcome your comments!

Lots of exciting news to report. If you have already seen the news on the back page, you know we are expanding our office space. It has always been my dream, since the beginning, to build a business based on core values and with controlled growth that preserves consistently high service levels to our clients. This dream is alive and well as we continue to grow our staff and our client base. The Goldman Sachs Small Business Program at Babson College, along with the peer encouragement and support, has reinforced our strategy and inspired us to increase our growth goals. In fact, we are accelerating our plan by increasing our office space, all to support our business in the next few years! And, all done transparently, with continued exceptional service to you! That's my promise.

Staffing-wise, we have recently welcomed two new members to the team. Bruno DelGreco, CPA brings more than 30 years of experience in DCAA and tax preparation. Maria Rocco will be focusing her 10 years of accounting experience in our Government Accounting services. I am thrilled to welcome them aboard! Learn more about them in this issue!

As you focus on your own company's growth and renewal, I wonder if you can better embrace the bigger picture of 'compliance' as a core competency or cultural norm. It may actually lower your cost of DCAA compliance in the long run, as it will be factored in to every major decision you make regarding business operations.

Fred Kline



Inside this issue

New Staff Members.....	2
COO Corner	2
Inside Scoop.....	3
We're Growing.....	4

Count on Kline

- Accounting Services
- Tax Planning and Preparation
- DCAA Compliance



#1... Eleven Years Running!

About Our Goldman Sachs Alumni Status

The key to growth, as you know, lies in having a solid business plan, complete with vision, mission statement, goals and strategies to accomplish stated objectives. Beyond this, however, is where the passion for what you do comes into play. For dreams to become reality, you have to visualize success, whatever it means to you, and take daily action toward the goal.

With this in mind, the Kline and Company CEO and President, Fred Kline, was accepted into the Goldman Sachs 10,000 Small Business program, having graduated last November. As an alumni, Fred has access to a network of more than 7,000 colleagues who are benefiting from the program and enjoying accelerated growth.

The program's intent is to assist America's small businesses in both job creation and in driving opportunities in their market.

Innovation is equally important to Kline and Company's business, as it is in your own business. Whether it's streamlining processes, putting reliable systems in place to improve operations or lower costs, or in product and service innovation, new thinking is a constant if controlled growth is the goal. Attracting, retaining, and rewarding good employees is paramount as well. The Goldman Sachs 10,000 Small Businesses program is an invaluable resource in supporting our growth goals.

Learn more at www.goldmansachs.com

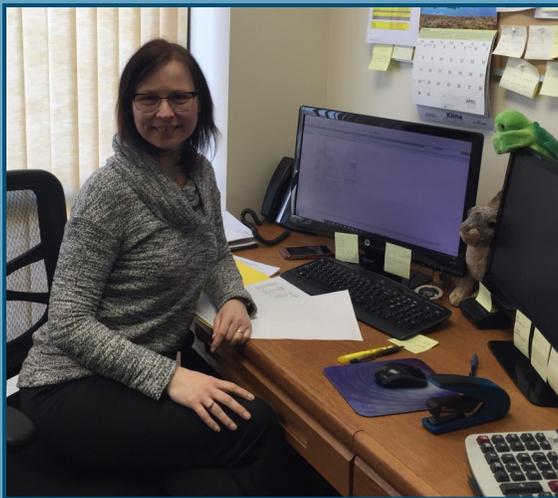


Fred Kline, Pres & CEO

We are focused on growth—yours and ours, and we do not achieve the latter without achieving the former. Here are two of my favorite quotes from the legendary entrepreneur James Cash Penney:

“Growth is never by mere chance; it is the result of forces working together.”

“The best teamwork comes from men (and women) who are working independently toward one goal in unison.”



C.O.O. Corner... With Sheree DeFeo

My first few months in my new position as Kline's COO have been both challenging, enlightening and, of course, exciting. I am honored to be working with such a diverse group of individuals who are energetic and excited about their roles at Kline & Company.

Kline added additional staff members to support our growing business; a former DCAA auditor and a CPA and Tax Attorney. These individuals have brought with them a wealth of knowledge which enhances the capabilities of Kline & Company. They are each a welcome addition to the team!

Kline's full service accounting feature has become very popular. This service allows the Kline team to manage our government contractors books from beginning to end. The fruits of our labor were clearly visible when preparing their annual Corporate Tax Returns. Our monthly "close" ensures an excellent set of books on which to prepare tax returns.

Inside Scoop: Embracing Compliance

Audits are simply a fact of life in the world of government contracts, and rightly so. Picturing a successful DCAA audit from the very beginning of a contract will go a long way toward the outcome you desire, especially when it is designed into the business. The contractor is expected to follow federal contract terms and applicable government acquisition regulations, and the government is accountable to the taxpayer to ensure federal funds are properly utilized in defense contracts. DCAA audits are conducted to determine what costs are allowable, allocable, and reasonable in the context of the expenditures under review. Federal Contractors who accept and embrace compliance and best accounting practices in all aspects of their business are always better positioned in a competitive environment.

The contractor is focused on building products or providing services for their customer, while at the same time being required to conform to specific government contracting requirements. Given that this is the reality of government contracts, *why not embrace 'compliance' as an integral principle at all stages of a contract, and throughout the organization?* Designing compliance into the process or contract ensures minimum disruptions and costs when an audit is performed, and contributes to better profit margins for the contractor.

The contractor must follow the terms of the contract and Federal Acquisition Regulation (FAR) for reasonableness and allocability of costs. When the executive team commits to a compliant accounting system from the top down, the contractor's business is better prepared for and even welcomes the inevitable audit. Key areas of focus include:

- Automating systems, processes and business practices for smoother operations and fewer audit findings
- Lowering the cost of compliance
- Providing training to all employees on policies and procedures
- Ensuring an adequate accounting system under DFARS 252.242-7006

We recommend that you focus on enjoying a successful DCAA audit from the start! Put a system of internal controls in place to ensure compliance and "no significant findings". Understand the record keeping requirements of FAR 4.7 and insist that the DCAA hold entrance and exit conferences, and follow the compliance plan you've put in place.

Did you know?

'Fred' is so much more than the first name of our CEO. In fact, F.R.E.D. is a very important acronym. The meaning of F.R.E.D. is found within our web site. Find it, and email cpa@klineco.com with the meaning.

On May 1st we'll pull from the correct entries and the winner will receive their choice of either MyPillows or Omaha Steaks!

New Team Members



Maria C. Rocco,
Government Accounting
Assistant



Bruno DelGreco, CPA

Both Maria and Bruno bring a wealth of experience to Kline and Company. Read more about their expertise and career experience at the Company section of our website:

www.klineco.com





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We've Expanded Our New Hampshire Office

Lots of great things are happening at Kline and Company, all so we can better serve you. We've just increased our office space to two full floors, and we're adding to our staff at the same time. As you can imagine, we are all very excited about this important development in our business.

Some call it the 'pains of success'. We'll take the growing pains but we prefer to call it the fruits of our labor and what happens to a business when clients continue to count on us for professional tax and accounting services. In other words, we call it well earned growth! Our expansion of accounting

services, our new marketing and communications efforts, and our organizational developments are contributing to our controlled, streamlined and well planned growth.

We are keenly focused on our core values and the competencies and service commitments that have made this office expansion possible.

Access our informational videos at our web site: www.klineco.com

Call us at 603.881.8185 if you need immediate attention!