

DCAA Compliance News: Insights and Practical Advice

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President's Corner—With Fred Kline



All of us at Kline & Company would like to wish you a Happy New Year!

I hope the holidays were fun and relaxing for you and yours, and you were able to end your business year on an upswing. We're seeing a lot of enthusiasm about business in this new economy.

There is a lot to share with you in this issue. I do hope you enjoy our newsletter. It's our opportunity to communicate in yet another way as we continue to earn your trust and confidence as part of your company's accounting team. Your feedback is certainly welcome and I hope you'll share this issue with your staff.

You'll be pleased to hear that Kline & Company is growing according to our plan. With this in mind, I have named Sheree DeFeo to the position of Chief Operating Officer for the company. (Story inside this issue). Among other things, this ensures that we continue to deliver exceptional service to you!

In the market place, and through educational programs and networking, we're seeing a increasing trend in federal contracts accounting services. Clients are looking for one-stop shopping when selecting an outside accounting service. They want *accounting services, tax planning and preparation, and DCAA Compliance Advisory Services* all under one roof. Full service. Full trust. Full Commitment. We've been moving in this direction for years now, and I'll be speaking on the topic in the coming year. More importantly, Kline and Company is offering these services now. Let's talk about the benefits to your firm!

Finally, Washington has passed new tax laws that will affect all of us. We'll be keenly watching and studying, ready to implement changes, as they impact your business.

Fred Kline



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Count on Kline

- Accounting Services
- Tax Planning and Preparation
- DCAA Compliance Advisory Services



Sheree DeFeo Named Chief Operating Officer

Kline & Company, CPA, P.C. is very pleased to announce the appointment of **Sheree M. DeFeo, MBA** as the **Chief Operating Officer** of the firm. Sheree's new responsibilities will include full oversight of the Federal Government Contractor support team as well as the accounting and tax team members.

Sheree has been a member of our team since June of 2006. During her time at Kline & Company she has confidently taken on increasing responsibility in Federal Government Contract accounting including accounting outsourcing, in-depth education to clients and the establishment of Charts of Accounts to achieve compliant accounting systems.

"I am thrilled to offer this important new role to Sheree," said Fred Kline. "I have complete confidence in her abilities, in all respects. I know that as she grows into the position she will play an even greater role in our continuous improvement, in our client communications and, of course, our client satisfaction.

Sheree holds her undergraduate degree in finance and accounting from Dundalk Institute of Technology (Ireland) and her MBA from Rivier University.

All of us at Kline & Company wish Sheree well in her new position! Please join us in congratulating her via email at sdefeo@klineco.com or on LinkedIn!



Sheree, M. DeFeo, MBA
Chief Operating Officer
Kline & Company

"The role of COO provides me with the opportunity to not only teach the members of the team and watch them grow, but to learn from their experiences, new and exciting ways of doing business. I embrace change, so this is very exciting. We have a cohesive group of people, who are integral to streamlining our internal processes, especially as we cross-train in various areas. We're strengthening an already passionate team, Regardless of rank or title, a successful operation requires synergy and this is only accomplished if every level of the company is on the same page."

-Sheree DeFeo, Chief Operating Officer, Kline & Company



The Department of Justice takes DCAA Compliance very seriously, as they should, to protect the taxpayer and to make sure our military gets what they are paying contractors to deliver. With Kline & Company on your team, compliance is assured.

Defense Contractor Sentenced to 5 Years in Federal Prison for \$53 Million Procurement Fraud and Illegal Gratuities Scheme

We're not trying to scare anyone by sharing this news. It is important that each of our clients be aware that fraud is prosecuted to the penny. Of course, this was *not* a Kline & Company client!

From the DOJ, US Attorney, District of Maryland:

Baltimore, Maryland – On April 27, 2017, U.S. District Judge Marvin J. Garbis sentenced John Wilkerson, age 51, of Moultrie, Georgia to five years in prison, followed by three years of supervised release, for a wire fraud conspiracy and for paying illegal gratuities to a government official, in connection with the award of more than \$53 million in federal government contracts. Judge Garbis also ordered Wilkerson to pay forfeiture and restitution in the amount of \$9,441,340.11. (Complete press release at www.justice.gov)

If you have any questions about your accounting practices and/or DCAA Compliance, please call us or send an email to cpa@klineco.com

Inside Scoop: The Ice Man Cometh!

No, we are not referring to old man winter, although we did “enjoy” a deep freeze to start the New Year! Nor are we referring to Eugene O’Neil’s 1939 famous play now on Broadway starring Denzel Washington. (He has big shoes to fill in this challenging role as Theodore Hickman. Jason Robards, James Earl Jones, Lee Marvin, Kevin Spacey, and Nathan Lane have previously played it to great acclaim.)

But we’re an accounting firm and this is not a Broadway play review! We want to call your attention to another “play” that is being written. *June 30th Cometh*, with you in the starring role!

Government contractors with cost reimbursable type contracts or other contracts containing the Allowable Cost and Payment Clause (FAR 52.216-7) are required to “submit an adequate final indirect cost rate proposal to the Contracting Officer (or cognizant Federal agency official) and their auditor within the 6-month period following the expiration of each of its fiscal year”. For calendar year-end contractors, the due date is looming (June 30th).

The Incurred Cost Electronically (ICE) model, the electronic version of “Model Incurred Cost Proposal”, provides contractors with a model incurred cost proposal for preparing adequate incurred cost proposals in accordance with FAR 52.216-7. The ICE model can be overwhelming, however, we can assist in developing the submission in a compliant manner and ensuring that the submission is accepted.

Of course, we are here to address any ICE or audit question you may have, as well as to ensure you are always prepared for the DCAA Compliance team. We’re glad to review the DCAA’s ICE model with you.

The DCAA web site (www.DCAA.mil) offers several checklists and tools for all federal contractors to access, including the ICE model. When you select the ICE Model from the checklist, you’ll notice a link to the DCAA document “Model Incurred Cost Proposal”. It’s always a good idea to know what the DCAA expects of you, so please download the PDF and use it as a reference.

If you have any questions whatsoever about the ICE Model, or any other DCAA issue, please call us or send an email to cpa@klineco.com.

Check out our informational videos at www.klineco.com!

Here is staff member and former DCAA Auditor Malcolm (Mac) Young talking about DCAA Fixed Price Contracts.



By The Numbers



The DCAA’s motto, at their website, is “Supporting the War Fighter, Protecting the Tax Payer”. We like to think of our role as supporting those who prepare the war fighters, our Department of Defense, by helping to ensure DCAA Compliance for our clients. And, it’s all about the numbers!

One number that tends to get overlooked in business is “lifetime value of a customer”, or LTV. In the defense industry, LTV is probably most affected by consistent quality of products and services delivered to the government, and a track record of DCAA Compliance. Agree?

Our diligence and attention to your numbers contributes to your company’s longevity and to the lifetime value of your company, in the eyes of the federal government. So, as the focus remains on the numbers of running your business, and the accounting thereof, we urge you to be mindful of the people in the DoD who benefit from your company’s efforts, and mindful as well of the contribution your company is making to the safety and security of the United States of America.



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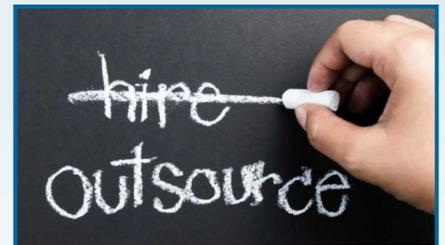
Trending: Outsourced Accounting Services Allows For Better Focus and Better Margins

Imagine being able to stay focused on your core competencies, with all resources and project teams working efficiently and effectively. You have worked hard to be a specialist in your area of expertise. Why not outsource your accounting and tax needs to the Federal Contract Accounting experts at Kline & Company? Our team of former DCAA auditors and government contract accountants has extensive experience in the accounting and tax requirements of Federal Government Contractors.

Our professional staff can handle your Government Contract Accounting so that you can concentrate on bidding on new business and performing under existing contracts. We will keep your books up to date, prepare your government

contract invoices, and provide reports of your projects. Beyond DCAA Compliance and audit preparation, why not take our services to the next level? Let's

build upon the trust and confidence we have already established to play a greater role in the success of your company's mission and goals. Think of Kline & Company for accounting services, tax planning and preparation, and DCAA Compliance Advisory Services. *Put our expertise to work for you on a greater level.*



***If you believe that it is best to stick with what you know best and outsource the rest —
Kline & Company is ready to handle all of your accounting and tax needs.***