WEB-BASED TIME AND ATTENDANCE

&

DCAA COMPLIANCE

White Paper

AUDIT CONCERNS

Certain types of organizations who contract with the US Government must follow specific timekeeping guidelines set forth by the Defense Contract Audit Agency (DCAA). The time tracking guidelines have been implemented by the United States Government to ensure contractor time and costs are accounted for accurately and without misuse.

The Defense Contract Audit Agency is responsible for performing all contract audits for most government agencies. Working on contracts from government agencies are typically required to comply with DCAA guidelines and undergo DCAA audits.

The DCAA does not endorse specific software or make recommendations on any particular software vendor. However, the DCAA require strict criteria on what type of system meets their audits. GHG Corporation's Clockwise meets the stringent DCAA standards and is currently used by many NASA and Defense Contractors.

The DCAA General Auditor is Interested in the following Areas:

- DCAA is concerned with identifying and evaluating all activities that contribute and have an impact on proposed or incurred costs of Government contracts.
- DCAA evaluates contractors' financial policies, procedures, and internal controls.
- DCAA performs audits that identify opportunities for contractors to reduce or avoid costs.

Labor is often the highest expense in defense contracts; thus a robust time management system is a requirement for any government contractor. DCAA compliance can be met only through detailed labor and cost tracking. GHG's Clockwise solutions can automate the costly process of capturing and reporting contract-specific data and provide critical supporting documentation for DCAA audits.

The purpose of this white paper is to focus on the aspects of correctly capturing labor costs within the project control system allowing a contractor to be in compliance with these specific audit requirements.

TIMECARD PREPARATION

"Detailed instructions for timecard preparation should be established through company procedure. An automated timekeeping system uses remote access to record labor charging data for processing **payroll** and customer **invoicing**.

The employee is personally responsible for:

(1) Recording his/her time on a daily basis.

(2) The correct distribution of time by project numbers, contract number or name, or other identifiers for a particular assignment.

(3) Changes to the timecard.

(4) Recording all hours worked whether they are paid or not. This is necessary because labor costs and associated overheads are affected by total hours worked, not just paid hours worked. Therefore, labor rate computations and labor overhead costs should reflect all hours worked. Unpaid hours worked are termed "uncompensated overtime."

(5) Signing the timecard at the end of each work period.

RECOMMENDED TIMEKEEPING POLICY

(1) The supervisor should approve and sign all timecards.

(2) The supervisor is prohibited from completing an employee's timecard unless the employee is absent for a prolonged period of time on some form of authorized leave. If the employee is on travel status, the supervisor for the employee may prepare a time sheet. Upon his or her return, the employee should turn in his/her time sheet and attach it to the one prepared by the supervisor.

(3) The guidance should state that the nature of the work determines the proper distribution of time, not availability of funding, type of contract, or other factors.

(4) The company policy should state that the accurate and complete preparation of timecards is a part of the employee's job. Careless or improper preparation may lead to disciplinary actions under company policies, as well as applicable Federal statutes

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CLOCKWISE AND DCAA COMPLIANCE

- ✓ **Each employee has a unique username and password to access and update their timesheet.**

  The system security is through user name and password. Anyone trying to access the system must have a user name and associated password registered in the admin section of the application. Users can change their password without effecting access to user information by administrators or managers once a password is encrypted it can never be accessed but can easily be changed under the admin menu.

  Employees access their individual timesheets through any Internet connected computer using their user name and password. Each employee's timesheet can be customized. Timesheets can accommodate in and out times populated from a time clock or interactively by the employee. Employees can enter time against charge codes and leave codes. All timesheets have a non-editable audit trail which timestamps every transaction by user name and their IP address.

- ✓ **Only the employee or supervisor can make changes to a timesheet.**

  Supervisor roles have the authority to open, edit and ultimately approve the time sheets of their authorized employees. Once managers approve time sheets, they are available for exporting to accounting and payroll system. Supervisor roles also can create schedules and approve employee leave requests.

- ✓ **Employees can only charge to codes they have been assigned.**

  Essentially, the system can be configured to allow every user a customized and individual view of their time sheets. Every user can see only what is relevant and applicable to them. Users can be associated to groups, departments or managers and their respective charge code-related views, such as pay types, overtime, PTO, et cetera, configured for the associated group.

- ✓ **Timesheet contains an audit log at the bottom and it shows all the activity on that timesheet.**

  All timesheets have a non-editable audit trail which timestamps every transaction by user name and their IP address.

  - Indicates who made the change,
  - Indicates where they were (via IP address)
  - Indicates what changes were made
  - Indicates the date and time of the change

- System requires daily entry of time or the employee must post a reason as to why they did not complete it on time
- If an employee changes a previous day's time, they must put a reason, as to why they are making the change

✓ **The system allows for time charged to unpaid hours worked (Uncompensated overtime)**

Employees can record time against a predefined pay type of Uncompensated Overtime, which is then exported to the customer's accounting or payroll package.

✓ **The system allows for a correction timesheet to be created after the original timesheet has been submitted.**

In the event that a correction timesheet is to be created by an employee (the original was already processed by payroll), Clockwise allows for 2nd instance of the timesheet to be produced. This 2nd timesheet negates the original record stored in the database and will be "processed" during the next payroll cycle.

✓ **Employees receive an e-mail notification, if their supervisor updates their timesheet.**

The system has configurable email notification system that will alert managers of pending time sheets requiring approval as well as alert employees and other managers of changes in status; such time sheet submittals, rejections corrections and so on.

✓ **The system allows for a configurable employee prompt upon signing each timesheet.**

Each company can state in "company-defined words" a statement such as…"The accurate and complete preparation of timecards is a part of the employee's job. Careless or improper preparation may lead to disciplinary actions under company policies, as well as applicable Federal statutes"

✓ **Timesheets require at least two signatures.**

Only timesheets that have at a minimum of one supervisor signature and an employee signature will be process and imported into the customers accounting and or payroll application. This signature is required for each timesheet created in Clockwise. Both, the employee and supervisor approval signatures are recorded along with a time; date and IP stamp on the timesheet.

CONCLUSION

Clockwise is ideally suited for organizations that are required to comply with DCAA guidelines and procedures. Clockwise provides:

- Interfaces with Time Clock Hardware
- Email notifications and reminders
- Seamless interface to accounting system
- Leave balance management
- Online pay stub information
- Company-wide Bulletin Board
- Employee Scheduling
- Allows data to be exported to text files, spreadsheets
- Ad hoc reporting capabilities
- Available to employees and management from any Internet enabled computer
- Tracking, management, and accounting of employee time on multiple projects