Description
Key accounting system elements

A good benchmark for determining if a firm has an acceptable accounting system and therefore good financial controls is to examine the extent to which it contains the following elements:

1. Accord with generally accepted accounting principles.
2. Proper segregation of direct and indirect costs.
3. Identification and accumulation of direct costs by contract.
4. Logical and consistent allocation of indirect costs.
5. Accumulation of costs under general ledger control.
6. Timekeeping system that identifies employees’ labor.
7. Labor distribution system.
8. Interim determination of costs.
9. Exclusion of unallowable costs.
10. Identification of costs by line item and by units.
11. Segregation of preproduction costs.
12. Limitation of costs and payments.
15. System in full operation.

Also of key importance is for the firm to have a clear understanding of the Wide Area Workflow system

Wide Area Workflow (WAWF) is a secure web based system for electronic invoicing, receipt, and acceptance. WAWF allows government vendors to submit and track invoices and receipt/acceptance documents over the web and allows government personnel to process those invoices in a real-time, paperless environment.
The WAWF has the following benefits:

- Improves cash flow management
- Eliminate lost documents
- Reduces operating costs
- Global accessibility of documents
- Audit capability
- FREE, web based system

As of March 03, 2008, DOD has issued a final rule amending the Defense Federal Acquisition Regulation supplement (DFARS) to require use of the Wide Area Workflow as the only acceptable electronic system for submitting requests for payment (invoices and receiving reports) under DOD contracts. www.wawftraining.com

References

Federal Acquisition Regulations (FAR), particularly

FAR 31 Contract Cost Principles and Procedures

FAR 53.01-1408 Standard Form 1408 Pre-award Survey of Prospective Contractor – Accounting System

Defense Acquisition University (DAU) finance related courses

CLC033  Contract Format and Structure for the DOD e-Business Environment

CLM039  Foundations of Government Property

CLC008  Indirect Costs

CLM040  Proper Financial Accounting Treatments for Military Equipment