ACCOUNTING GUIDELINE

1. Procedure to prevent direct charging of indirect costs (written or unwritten) and exclusion of unallowable costs.

2. Timekeeping system that ensures (i) labor is charged to intermediate and final cost objectives based on a timekeeping document (paper or electronic timecards) and (ii) timecards are completed and certified by the employees and approved by the employees' supervisors.

3. Labor distribution system that ensures labor cost distribution records are reconcilable to (i) payroll records and (ii) the cost accumulation records in labor subsidiary or general ledger accounts. Labor cost distribution records could be a spreadsheet.

4. Subsidiary cost ledger (or spreadsheet) that accumulates direct costs by contract - labor hours, direct material, ODC, subcontracts charged to the contract and exclusion of unallowable costs.

5. Billing system, which ensures that (i) funding limitation is monitored, (ii) direct labor hours billed reconcile to the cost accounting records for both current and cumulative amounts, (iii) direct labor has been billed at appropriate contract rates, and (iv) for other than labor costs, billings reconcile to the subsidiary job cost ledger.