ACCOUNTING SYSTEMS REVIEW CHECKLIST

Are your policies & procedures accounting systems review (ASR) ready?

ARE YOUR POLICIES & PROCEDURES, WITH DOCUMENTED INTERNAL CONTROLS, DEVELOPED WITH THE FOLLOWING IN MIND?

- Organization's size
- Organization's ownership characteristics
- Nature of your business
- Complexity of operations

- Legal and regulatory requirements
- Method of transmitting, processing, maintaining, and accessing information
- Manual/automated

Do your policies & procedures include this topic?	Do your policies & procedures and controls properly address the following? (not all-inclusive)	Answer: Yes / No
Organization and authorities	Clear lines of authority (Delegation of Authority Matrix), employee duties and responsibilities, and proper segregation of duties	
	Methods for management to ensure compliance with the organization's established policies & procedures, and accounting practices	
Financial reporting	Recording, classifying, and presenting accurate and timely financial data that is in compliance with applicable laws and regulations	
	Error prevention, detection, and correction in a timely manner	
Cash and bank accounts	Proper restrictions around cash and bank account management	
	Proper preparation and review of reconciliations in accordance with the segregation of duties	
Billing	Proper preparation and reconciliation of billings in compliance with contractual terms, and proper allocation of cost to final cost objectives	
Accounts payable	Monitoring, control, and reconciliation of invoice processing	
	Vendor vetting and maintainence	
Contracts and revenue	Accumulation of costs in accordance with contractual terms and time, and expense charges in accordance with billing procedures	
	Incorporation of new 606 Revenue Recognition Standards and regular review of contracts/modifications	
Labor and timekeeping	Employee ability to charge labor to direct and indirect cost objectives and easy identification of cost to final cost objectives	
	Proper controls around timesheet corrections	
	Employee timekeeping requirements, appropriate level of approvals, and review of labor posting	

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Do your policies & procedures include this topic?	Do your policies & procedures and controls properly address the following? (not all-inclusive)	Answer: Yes / No
Human resources	Clear communication and regular review of HR policy and procedures	
	Appropriate administration of training for new hires and on an annual basis	
Payroll processing	Proper collection of labor and posting to applicable accounts	
	Documented process for labor corrections	
Travel and expense reimbursement	Methods to ensure the proper classification of costs on invoices, expense reports, and other cost vouchers (in accordance with FAR and JTR)	
Costs	Methods to ensure proper segregation of direct costs from indirect costs	
	Methods around exclusion of unallowable costs charged to government contracts	
	Training around unallowable costs	
	Consistency with CAS disclosed practices	
	Process to ensure timely posting of costs to the general ledger	
Job cost accounting	Identification and accumulation of direct costs by contract	
	Methods for the allocation of indirect costs to intermediate and final cost objectives	
	Reconciliation of subsidiary cost ledgers/cost objectives to general ledger	
Budget and rates	Documentation of how indirect rates are accumulated and calculated	
	Description of the indirect rate structure, including intermediate pools, and the composition of pools and bases	
	The method in which indirect rates are applied to direct costs	
	Regular monitoring of provisional rates	
Data/record retention	Data and record retention plans in accordance with government regulation/contractual terms	
	Reliability of data for use in pricing for follow-on acquisitions	

TIPS AND TRICKS

- **Controls around segregation of duties** is one area where expectations change with the size of an organization and should be updated during periods of growth.

- **Evidence!** Does your policy evidence that it has been reviewed annually? Are the trainings referenced in your policy evidenced?

- **Short and sweet –** Keep your policies a manageable length to provide for an easier annual review and update. Use more detailed desktop procedures outside of the policies. Desktop procedures do not have to be provided to DCAA as part of your policies.

- **Avoid referencing people by name** or embedding approval matrices in your policies. Use titles and refer to approval matrices that exist outside of the policy to provide for easier, more frequent updates.

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