

Contractor succeeds with government accounting solution

QuickBooks add-on proves compliant with GAAP and complex job cost rules



Customer Profile - Versa Power Systems, Inc.

Business challenge

In the autumn of 2004, Versa Power Systems, Inc. was a startup firm specializing in fuel cell technology. They were uniquely positioned to receive a large Department of Energy subcontract, but recognized they needed an accounting system that would be acceptable to meet government contracting rules.

Versa Power's preference was to use QuickBooks Pro software. They had found QuickBooks to be affordable, easy to use, and ideal for the research and development nature of their business. They were concerned, though, that QuickBooks alone wouldn't pass the government requirements for job costing and calculating indirect rates.

Through a mutual business acquaintance, and after research on Intuit's Marketplace for QuickBooks affiliate developers, Versa Power was introduced to Tech BizSolutions.

Solution Overview

Tech BizSolutions employed their unique GovCalc© system to convert existing QuickBooks files to meet the complex standards of government contract accounting. The GovCalc© system applied novel methods to existing QuickBooks features and designed reports to specified government needs.

Having spent years in government contracting, I knew we needed a robust, compliant system.
*Lee Petersen,
Versa Power System*

Capabilities added

- Numbered chart of accounts
- Segregation of direct costs from indirect costs
- Recording of direct costs by job number
- Distribution of labor to direct and indirect accounts
- Identification and segregation of "unallowable" costs
- Pooling of indirect costs into allocable cost pools
- Job cost journal reporting
- Indirect rate calculation

Business Benefits

Using the Tech BizSolutions GovCalc© solution for QuickBooks, Versa Power was able to apply a consistent and compliant method of recording expenses. For labor, employees were trained on filling out timesheets accurately. They were also trained to record purchase orders by job number or indirect account. Reporting modules satisfied the DOE prime contractor, DCAA auditors, and investors. The accounting system efficiently supported rigorous financial audits, as well.

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Success Story



Location

Versa Power Systems, Inc.
8392 Continental Divide Rd.
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Industry

Fuel Cell Technology

Business Challenge

Government compliant accounting system

Solution

Tech BizSolutions GovCalc© add-on for QuickBooks

Results

Meets GAAP and DCAA accounting requirements

Our product and QuickBooks Financial Software work together to help simplify your financial management. QuickBooks Financial Software gives you the power to manage your business more effectively by providing you with fast, easy and integrated solutions to meet the needs of your business.

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Introduction to Government Cost Accounting

The federal government applies very precise and detailed requirements for project accounting once contractors delve into "cost-reimbursable" type contracting or contracts providing "progress payment" financing. In these cases, the government requires two types of reporting capabilities.

Two primary additions to GAAP

The first is a job cost journal. This report represents a segregation and organization of direct costs by specific contract. This ensures that both the government and contractor understand costs as they are accumulated on each contract.

The government also requires a method of applying non-contract specific charges, i.e. "indirect" costs, across all contracts in a consistent and equitable manner.

Passing the initial audit

Government auditors are deployed by grant and contracting officers to test contractors needing this capability for the first time. Failure of this audit either limits or prohibits the contractor from being awarded these types of contracts or grants. Properly installed and operated, the Tech Biz GovCalc© system has passed every government audit faced by its clients.

Complexity increases

The job costing methods required for government contractors adds a level of complex beyond standard GAAP accounting.

Cost-type government contracts also impose extra reporting for indirect billing rates. The Tech Biz QuickBooks GovCalc© system accommodates calculations for prospective indirect billing rates as well as actual indirect rate reporting for annual audits.

The complexity of government contracting increases when government agencies have different expectations of how jobs costs get calculated. An indirect rate structure for Department of Defense contractors may not be appropriate or easily recognized by the Department of Energy. The Tech Biz system for QuickBooks is flexible enough to accommodate any rate structure a client feels appropriate for their particular competitive position.

Government contracting is a tough environment. Our owners expect both financial transparency and operational excellence from our accounting system. Tech BizSolutions and QuickBooks deliver both.

Lee Petersen, Versa Power Systems

The QuickBooks Advantage

QuickBooks financial software is the most affordable and easiest to use accounting product on the market. It is the ideal solution for startup firms in all sectors, and in particular for government contractors.

The federal government provides a number of avenues for small businesses for become a successful contractor. QuickBooks products are viewed by many government contractors and their advisors as a vital part of that success.

QuickBooks combined with the Tech Biz system operates as well as integrated solutions costing ten or twenty times as much. As firms grow from initial QuickBooks Pro products up to Enterprise versions, the Tech Biz system grows with it. As the operational needs of the firm grow, Tech Biz collaborates with other QuickBooks developers, making QuickBooks an ideal partner for growing government contractors. We have yet to exceed the capability of QuickBooks in serving our small to medium-sized business clients.

The Tech BizSolutions Advantage

Tech BizSolutions relies on years of broad experience in the government contracts, grant, and accounting areas. We focus on maximizing the financial opportunities for small and mid-sized government contractors. We do this with unique talent and experience, superior contract management and accounting services, and by deploying the best products possible.

The Tech BizSolutions GovCalc© add-on to QuickBooks is flexible enough to be used with all QuickBooks desktop versions.*

** Includes QuickBooks Canada and MAC version. Does not include QuickBooks On-line.*

For more information, please visit:

Tech BizSolutions, Inc.
www.techbizsolutions.us

QuickBooks
www.quickbooks.com

Our product and QuickBooks Financial Software work together to help simplify your business management. QuickBooks Financial Software helps you get more done faster, with a new Home page, simplified Customer and Vendor Centers, and sophisticated business planning tools.