

*"It has not fallen to your lot to command great armies. You had to create them, organize them and inspire them."*

— Churchill to General George Marshall 1945



Keep it simple.

### HOW DOES THE BILLING & REVENUE CALCULATION FOR GOVERNMENT CONTRACTORS DIFFER FROM A TYPICAL COMMERCIAL COMPANY?

**Government Customers May Essentially Dictate the Billing & Revenue Recognition Methods** Government contractors usually must agree to their customer's requirements for contractual terms and conditions which typically include the method of billing and form of related invoices and back up information. Unlike many commercial companies which have a single revenue recognition method, government contractors may need to employ different methods for different contracts, and in some instances, multiple methods for a single contract.

**Contract Ceilings** Government contractors often must comply with ceilings dictated by their customers. These ceilings may relate to areas such as Contract Value, Funded Value, Direct Cost Elements, Indirect Cost Pool Rates, Labor Hours by category, and/or Item Quantity.

**Indirect Rate or Fee Overrides** Government contractors must also be able to comply with special terms that override the indirect rate or fee terms in the contract. These overrides may be related to areas such as Fee or Indirect Rate Overrides on specific direct cost elements (such as travel costs), Fee Overrides on specific indirect cost allocation (such as G&A costs), or indirect cost allocation rate override (such as using a negotiated pool rate instead of actual or provisional rate).

**Timing of Revenue and Billing Calculations** The Billing schedules for Government contractors are dictated by the terms of the contract which can be very different from their revenue calculation cycle. In addition, it is normal for different contracts held by the same contractor to have different

billing cycles. Hence it becomes essential for government contracts to perform Billing and Revenue Recognition independently.

### WHAT WILL THE DASTON'S DCAA SOLUTION ACHIEVE?



Our solution, built entirely on NetSuite Suiteflex platform, will provide government contractors with the ability to perform the following in accordance with CAS and DCAA regulations:

- Calculate invoices and recognize revenues under Fixed Price, T&M, Cost Plus, Items (non-inventory) and Scheduled formulas.
- Project setup with detailed Contract identification/modification information including Billing/Revenue Recognition methods, Ceilings, Overrides etc.
- Bill Government Contracts in one of the following formats –
  - **SF 1034/1035** which are used for cost reimbursable or T&M contracts
  - **SF 1443** which is used for progress payments on certain long term fixed price contracts
  - **DD250** which is used for DoD deliveries
  - Other custom formats
- Apply any applicable ceilings and/or overrides to the revenue and billing calculations based on the contract terms.
- Perform Billing and Revenue Recognition independently to provide government contractors ability to maintain different Billing & Revenue Recognition cycles.
- Track any Unbilled Receivables that may arise due to differences between billing and revenue calculations and timing or other reasons.
- Generate pre-configured reports such as Project Status Report, Unbilled Receivable Analysis etc.