

A Letter From ReliAscent's CEO, Mike Anderson

ReliAscent Newsletter

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"Focus on Your Direct Work. Let ReliAscent Handle the Rest!"

Happy New Year to everyone!

I know this sentiment might be a little late but, just like my Christmas Cards, it's the thought that counts, right?

We are very excited about 2017 here at ReliAscent, and look forward to a rewarding year in working with our clients and partners. So what fuels this excitement on our part? In my mind, a service provider should be concerned with providing the highest value for the dollar.

I think the value we bring to our clients starts with the staff at ReliAscent. We have a core of personnel that many of our clients have worked with for years, that are exceptional professionals. This has been proven by the feedback from clients that work regularly with these people. In addition to that, we've added personnel to our staff in the last year that are and will be, every bit as good as the people in this core group. The new staff members not only have tremendous experience in our field of Government Contract compliance and accounting, but also have that personable element that we look for in our client relations business. I think we now have the best team we have ever had here at ReliAscent.

We have also had a chance in the last 6 months to do some self-reflection here at ReliAscent. What we discovered is that we have a tremendous resource in Government contract management knowledge and experience. We may not be utilizing this knowledge to the fullest extent with our clients and we are looking at how we can provide this additional value to clients in 2017 and beyond.

For instance, in the Government contracting game, many times



companies either don't make the maximum profit they could, or they end up in a position where they actually lose money on a particular contract.

With ReliAscent's expert knowledge and experience, this can be avoided via careful monitoring of the project thru the term of the contract or, in special cases, applying for an equitable adjustment from the government. Placing more emphasis on these areas going forward will bring more reward and financial gain to our clients.

We are also feeling very positive about our new and simplified pricing structure. We noticed in 2016 that there were too many different billing levels of personnel and some were almost impossible to distinguish between in their levels of expertise. This caused confusion for our clients and made our invoicing process more difficult than it needed to be. ReliAscent has therefore simplified our billing structure. These changes will take effect on March 1st.

ReliAscent has a unique marketing program that involves not only maintaining an industry leading website, but also reaching out to certain government contractors that may need assistance. This program has grown

in importance and ReliAscent now enjoys a top Google ranking for our website. As a result of this excellent marketing program, we've seen a significant increase in the number of companies that need our services. We carefully evaluate each one of these opportunities to make sure we can not only provide our normal quality and value of service, but also continue to provide that same level of service to existing clients.

All of this means that the future looks bright here. We are ready, willing and able to provide a value-added service to all of our clients and potential clients in the future.

We love helping small business contractors with their compliant accounting, contract consulting, outsourced CFO services, and helping with Government contract compliance issues. We look forward to providing our knowledge and quality service to all of our clients moving forward.

We would like to thank our valued clients again, for your business. We look forward to working with you long into the future, and are here to be your partner; helping to ensure your success in the industry.

- **Mike Anderson**, CEO

PBR : It May Not Be What You Think

The evolutionary growth of a government contractor and some grantees includes a steady avalanche of regulatory hurdles along with their companion acronyms. One such acronym is the **PBR – Provisional Billing Rate** – a critical step for those having cost-reimbursable and Time and Material type contracts. In the grant universe, these may have different names and levels of formality, such as the ICR – Indirect Cost Rate Submission (NIH, NSF) or simply “send us your indirect rates” (DOE).

And while PBR isn't something you drink, as one client informed me, you may reward yourself with one once you successfully navigate the process.

Bifurcated Billing Process

In the contracting world, the PBR proposal kicks off the process described in FAR 52.216-7 and 42.704 where a “billing rate” is established for a company's fiscal period. This billing rate consists of all indirect rates used for reimbursement on cost type contracts and Time and Material contracts, where a material handling and/or material G&A rate exists.

It's fair to say this annual setting of indirect billing rates provides a measure of convenience for both the government and the contractor. Otherwise, the contractor would have to calculate indirect rates each month and adjust year-to-date billing totals. Instead, contractors must “monitor” their actual indirect rate performance and take action if predicted actual rate performance “substantially” diverges with established billing rates.

The PBR is often confused with the ICP/ICE process.

More Acronyms

ICP – Incurred Cost Proposal. ICE – Incurred Cost Estimate. Both these have the same meaning, which is an annual report required by FAR 52.216-7 that looks back upon a previous fiscal year, measuring the variance between billed costs (including indirect rates) and actual costs for cost type contracts.

Timing and Frequency

Ideally, contractors submit PBRs every year prior to their first billing cycle of the new fiscal period. PBRs are submitted to the local DCAA office with a copy going to the DCMA (ACO)*. The FAR* clauses also allows contractors to continue billing into a new fiscal year using previously approved billing rates.

Working with the DCAA

Many contractors may be receiving letters from the DCAA asking for the submittal of their 2017 PBR. Again, this is not to be confused with the ICP/ICE submission which aren't due until six months after the fiscal year (typically June 30).

If contacted by the DCAA, contractors have the choice of billing at their current rate or proposing new billing rates. Proposing new billing rates may require a delivery to DCAA of a provisional company budget along with the prior year indirect rate calculations. Even if you choose to keep the existing billing rates, the DCAA may still want a comparison to the prior year rates.

DCAA auditors have wide review authority. It's common for auditors to look back several years examining not only prior PBR proposals but ICP/ICE submissions, as well. Questions may arise as to cost allowability, indirect rate structure changes, and observations surrounding trend analysis.

The New Cost-Plus Contract Trap

Good news – you landed your first and only cost-plus type contract. You've negotiated your indirect rates with the government procuring office. You send in your first invoice, it gets rejected by DCAA, and the procurement system grinds to a halt.

The DCAA is saying you must have provisional billing rates approved by them before invoicing. You say you calculated your indirect rates and already had them approved by the government during negotiations.

The solution: Submit the identical indirect rate proposal to the DCAA that you submitted to the procuring office. The DCAA typically understands the urgency and can review the proposal quickly, getting you

Recent Partnerships

ReliAscent is happy to announce several new contracting industry partnerships!

From software companies, to intellectual property protection firms, CPA's, and more, we've assembled a network of extremely helpful and knowledgeable resources for our clients.

Our latest partnerships:



Clockwise (GHG)

DCAA Compliant Timekeeping Software



TSheets

DCAA Compliant Timekeeping Software



Unanet

Project ERP, Budgeting, AR/AP, Accounting Software

Visit our [Partners](#) page to learn more, and for promotional offers available to ReliAscent Clients!

back on track for billing.

Grant organizations

Grant organizations follow similar processes which vary according to the agency and their section of the *CFR's. If the DoD is your primary agency, the grant agencies will typically accept your PBR rates, although some may have additional cost restrictions.

- [Dave Donley](#), ReliAscent

**Acronyms*

DCAA – Defense Contract Audit Agency (Contacts may or may not be in your contract)

DCMA (ACO) – Defense Contract Management Agency – where your Administrative Contracting Officer lives – see your contract page 1.

FAR – Federal Acquisition Regulations(<http://farsite.hill.af.mil/>)

CFR – Code of Federal Regulations(<http://www.ecfr.gov>)