

It's no secret that keeping top talent is a difficult task for most businesses, but how do you turn your company into a more desirable workplace not only for your current employees, but for your prospective ones as well? One way you can do it is by offering competitive salaries with well-rounded fringe benefits- a factor that weighs heavily into employment decisions.

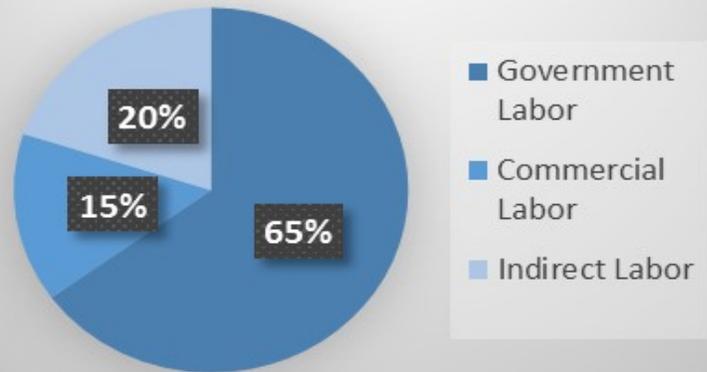
So, what exactly is fringe? No, I don't mean the sci-fi TV show or the leather strings that hang off chaps. I am talking about *Fringe Benefits*: benefits offered to employees that are often tax-exempt.

Some examples of fringe would include medical insurance, life insurance, paid time off, education assistance, and retirement plan contributions. Other items that fall into a fringe category that are not paid directly to an employee include employment taxes, unemployment insurance tax expenses, and worker's comp.

The biggest concern is generally, “How am I going to pay for additional fringe benefits for my employees?” For ReliAscent clients, we believe the answer is simple: [FAR Part 31.205.6](#): Compensation for Personal Services.

As a government contractor, fringe expenses experienced by the company can be recovered through your indirect billings on your cost reimbursable contracts. If you don't have Cost Reimbursable contracts, fringe is generally part of your budget for your Fixed Price or Time & Material contracts as well. This means the percentage of labor dollars you spend on your government work can be directly translated into the percentage of your fringe benefits that the government will reimburse you for.

It's a win for the company, and a win for the employees, and the government wants to help pay for it.



What Does it Look Like from a Cost Standpoint?
 Using the Example Labor Structure Above (and an Example Fringe Cost Pool of \$68,000), we can calculate the Government's portion of Fringe:

Total Fringe Cost Pool = \$68,000
Government Portion of Fringe = \$68,000 x 65% = \$44,200.00
**This Assumes Cost Recoverable Contracts*

This example is a bit of an overview to help understand the concepts. Actual fringe allocations can be tricky to comply with federal regulations. Unsure of where to start? At ReliAscent, we work with several providers for all types of benefits. Contact your ReliAscent

accountant to further discuss how adding fringe benefits to your company can change your staff dynamic and help you retain valuable employees.

- Jenni Kellogg, Controller
 ReliAscent LLC

ReliAscent CEO Presenting at Colorado PTAC Event

ReliAscent's CEO, Mike Anderson, will be presenting at an event hosted by the Colorado Procurement Technical Assistance Center (PTAC), on July 12th.

Mike will discuss the “silent cost” in doing work for the Federal Government. This “silent cost” is driven by the multitude of regulations governing the contracting process with the government. Some people call this myriad of regulations a “rat's nest,” as there are so many regulations, they tend to be confusing in the wording and they often refer to even other regulations. This presentation will discuss:

- The criteria for an adequate accounting system for small

businesses that want to be Federal Contractors

- Learn pre award accounting criteria
- What triggers the requirements in federal government compliant accounting systems
- Understand what criteria to use to build an adequate accounting system
- Understand how an accounting system will support a DCAA audit

If you are a Colorado-based small business Federal Contractor or Grantee, or interested in contracting with the Federal Government, [click here now to register for the event.](#)

Deltek Closing Support for of GCS Premier® Software— What are User's Options?

In [October of 2015, we wrote a blog](#) about the plans announced by Deltek that they were in the process of closing down support for their Deltek GCS Premier® software. This would essentially force many contractors into new accounting systems. Deltek, of course, would like to “upsell” these contractors to one of their larger systems to replace the outdated and retiring GCS Premier® program. We have heard many different opinions in the marketplace from “*I guess we will go ahead and do this since we have already built a system around Deltek software and it would be too hard to change*” to “*I need to find a better system to replace this with and I want something less expensive, easier to use and more modern*”. For a small to medium-sized business, there are several options out there including:

- Purchase the Deltek upgrade
- Purchase a DCAA compliant software package that is less expensive, easier to use, and more modern than Deltek
- Convert the system to a QuickBooks based system, including some apps and/or add-ons

Each of these choices has pros and cons that must be weighed by the company. Each company is different and obviously there is no magic bullet or one solution that fits all companies. At ReliAscent, we have helped companies with both of the options that don't include a Deltek product. We have very real and recent experience in helping companies with these choices and with the processes. Some of the factors that we use in helping companies evaluate this choice include:

- Cost of the software and associated apps and/or add-ons
- Cost of conversion/installation
- Compliance requirements
- Agencies the company does business with
- Product/Services mix that the company supplies and will supply in the future
- Future growth plans
- Percentage of government work both now and in the future
- Number of and physical location of employees

As you can see, it is not always a straight forward answer. Many times, companies under-estimate the cost of conversion and this can be one of the largest expenses in changing a major software package. If not handled properly, this process can take too long and cause many internal headaches. A change in an accounting system can really cause upheaval in a company; even if done right, so companies should try to avoid as much stress in this process as possible. That is why it is advantageous to hire a consultant that is experienced in this area to help navigate through the transition.

If you are faced with the prospect of having to replace your Deltek GCS Premier® or First Essentials® software in the near future, we can help you. We are currently in the process of switching some clients to QuickBooks-based DCAA compliant systems and we have already helped several clients select and install more modern software that is less expensive than the Deltek Costpoint® solution and fully compliant.

To learn more about how we can help your business with an accounting system transition or installation, [contact ReliAscent](#) today.

- **Mike Anderson, CEO**
ReliAscent LLC

ReliAscent's Recent White Papers & Blogs

This spring, ReliAscent began a monthly, contract management white paper series. These white papers have been extremely popular with contractors and grantees, and we invite you to download your copies today (if you haven't already).

White Papers:

[“Government Contract Change Orders 101”](#)

Stuck in a money-losing contract or grant? A change order may be your best route to profitability. ReliAscent takes you through the process.

[“Government Contract Reviews: Protecting your business from potential disaster”](#)

You spent weeks or even months on the proposal; so why only a *few minutes* reviewing your contract before you sign on the dotted line? A thorough review is critical to avoid compliance and financial issues down the road.

[“Preparing a Government Contract Cost Proposal”](#)

Preparing a cost proposal may seem like child's play to most contractors; after all, how hard can it be to project costs for things like materials, labor hours, and travel? Unfortunately, many contractors make critical mistakes in this section, resulting in *significant* financial losses.

Upcoming White Papers

We have one white paper per month scheduled for release throughout 2017 and into 2018. Upcoming topics include:

- Indirect Rates
- Contract Negotiations
- Subcontract Management
- Contract Closeouts and Terminations

...and many more!

Contract Management Blogs:

Government Contracting 101 Series

- [Part 1 - Introduction](#)
- [Part 2 - Who is the DCAA and what is DCAA compliance?](#)
- [Part 3 - Can deferring wages get me into trouble?](#)
- [Part 4 - What is the role of Small Business in new product development?](#)
- [Part 5 - How does the government make you pay your fair share of your indirect costs?](#)
- [Part 6 - Agency differences in unallowable costs](#)
- [Part 7 - How does the government pay for my research?](#)
- [Contractor Code of Business Ethics and Conduct](#)