



REAL-TIME LABOR EVALUATIONS

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TRUSTED ADVISOR

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Real-Time Labor Evaluation

- What is a Real-Time Labor Evaluation?
- Why Does DCAA Perform Them?
- What Will You Need to Provide?
- Will You Receive Advance Notification?



What is a Real-Time Labor Evaluation?

- Evaluation includes:
 - Evaluating timekeeping procedures/internal controls
 - Employee interviews
 - Discussing the nature of work performed
 - Observations of the employee's workstation
 - Analysis of employee timekeeping practices
 - Reconciliation of labor charges with subsequent payroll and labor distribution records



Why Does DCAA Perform Real-time Labor Evaluations ?

- To test for compliance with timekeeping controls
 - Deficiencies addressed on a real-time basis
- Analysis of current labor charging and cost allocation practices
- In support of Incurred Cost Audits, performed at later date
 - To determine the accuracy of labor charges to contracts, indirect accounts, or other cost objectives
 - Evaluation performed on a real-time basis since employees are more likely to remember recent events



What Will You Need to Provide?

- A current list of employees and their locations
- Timekeeping procedures
- Procedures for Work at Home program (telecommuting)
- A Point of Contact for employee interviews
 - Will also need an alternate point of contact
 - Separate point of contacts for each location



Will You Receive Advance Notification?

- Labor evaluations are unannounced so we will not call in advance to let you know we are coming or ask for a convenient time to meet.
- The auditor will arrive at your location and request to meet with the point of contact.
- The auditor will request to interview employees at their assigned workstation.



Impact of Work at Home Program

- If employee selected for interview is working at home:
 - Employee's Supervisor interviewed to verify control over employee's work at home schedule
 - Auditor will speak to employee over the telephone:
 - Will discuss work at home procedures
 - Discuss specific work being performed
 - Request charge numbers for work performed
 - Auditor may also interview employee during a follow-up visit



Purpose of Employee Interviews

- Verifying employees exist and are at work
- Labor charges are to the appropriate cost objective
- Verifying employees are performing in assigned job classifications
- Determine if the recorded labor hour charges are a fair representation of the work performed



Examples of Interview Questions

- Current job title
- Description of current projects
- Period of performance for current projects
- Charge numbers/accounts used to record time spent on each project
- Percentage of time on each project
- Explain the procedure for revising timesheet



Labor Evaluation Procedures

- The auditor will ask the employee for a copy of their timesheet upon arrival at their workstation or request the employee open their timekeeping application and input screen
- Other items the auditor may request include
 - Copies of timekeeping procedures
 - Written descriptions of current projects
 - Employee identification number
 - Authorization for charging current projects



DCAA Labor Evaluations

- Auditor may also question management, accounting, or other personnel to further clarify or confirm the employee's statements
- The auditor will concentrate on the following:
 - Employee's understanding of timekeeping procedures
 - Procedures for receiving work assignment charge numbers and descriptions
 - How often the employee completes his/her timesheet
 - Whether the employee includes all hours worked
 - Timesheet Submission/Approval Process



Real-Time Labor Evaluations

The auditor is required to:

- Perform a follow-up of employees that were unavailable on the day of the floor check to verify their existence.
- Verify employee time charges (observations made during the floor check) to the labor distribution for the pay period floor checked.
- Obtain explanations promptly concerning all questionable procedures practices observed during the floor check.



Real-Time Labor Evaluations

- If the contractor has multiple locations, the auditor may coordinate with other DCAA offices to perform evaluation at off-site locations.
- Those findings will be included in our audit report.



Contractor Response

- Auditor will conduct Exit Conference to discuss results of the evaluation
- If deficiencies reported, the auditor will furnish a draft version of findings to be presented in a business system deficiency report
- Contractor is given an opportunity to respond to findings
- Response can be oral or written
- Response will be incorporated into the report



Common Deficiencies from Real-Time Labor Evaluations

- Timesheet not current
- Employee is not aware of proper method for revising timesheet
- Revisions not approved by Supervisor
- Timesheet completed in advance
- Time charges not representative of work performed



Questions?

