

InTheirOwnWords

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President, NeoSystems Corporation*



Michael Tinsley is the Founder, President, and Chief Executive Officer of NeoSystems Corp., (www.neosystemscorp.com) a Managed Services Provider delivering full-scope, on-site, business accounting services to government contractors. Under Mr. Tinsley's leadership the Tysons Corner-based firm serves more than 60 clients and has 90 employees, who often do the preponderance of clients' accounting and financial management work at the client's site using software residing at NeoSystems' data center. NeoSystems' clients realize significant cost savings. The company is a Deltek-authorized Partner & Service Provider and is SAS-70 Certified. In this discussion, Mr. Tinsley outlines key challenges companies face from an accounting compliance standpoint, ways in which accounting functions can be handled more efficiently, and why quality accounting operations are often the difference between getting – and losing – government business.

What are some of the common reasons why small and mid-size companies fail to meet the government's accounting requirements?

The business owners and others who run government contractors are often visionaries, entrepreneurs, and focused most intently on doing the actual work for their customer – the government. They are not accounting specialists, nor should they be. So, it can be easy to overlook key accounting challenges.

Many contracts are labor intensive. As a result, if companies have inadequate time systems they will run afoul of government requirements. Companies need policies and procedures for their time systems.

Companies have to properly allocate costs to a specific contract. There also needs to be consistency between what was in the actual proposal and how companies do their subsequent accounting.

How does NeoSystems help companies to comply with these stringent and changing requirements?

One of first things we do is make sure a client is fully informed of the vast array of major rules from the government on accounting and how they can meet these regulations. We make sure that companies indirect costs are accounted for accurately and allocated fairly.

We utilize the Deltek suite of accounting and related software and develop processes so that a company's accounting and information system will be fully compliant with the Defense Contract Audit Agency (DCAA) requirements. We will also prepare appropriate policy and procedure manuals, specific to the company's business, to ensure proper practices.

In some cases the impact is fairly dramatic. For example, we started working with a large contractor that had a non-compliant accounting system and was not going to get

any more government contracts. The company has since passed its accounting audits and has doubled its revenues.

What are some of the accounting systems and practices that can seem daunting, from a cost standpoint, for small and mid-size companies? How can a Managed Service Provider like NeoSystems help in this regard?

First, government contractors need to be aware of CAS – or Cost Accounting Standards. CAS requires having a consistency in estimating, accumulating, and reporting costs, consistency in allocating these costs, knowing what costs are allowable, and much more. Federal Acquisition Regulation – or FAR – is another comprehensive area addressing such issues as the reasonableness of costs, how they can be allocated and other matters.

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Often, the key thing that we can do is provide an assessment of the plethora of regulations and pinpoint the ones that will affect the company's business.

What is the range of experience in NeoSystems' accounting professionals, and how do you typically work with clients?

Each client is assigned a Vice President of Client Services. This CFO-caliber leader will be someone with 20 years of experience in government accounting and great familiarity with the Deltek system.

We also have Project Directors, who are the equivalent of a controller at every company, with five to ten years of government contracting.

Senior Accountants are professionals with at least five years of experience who specialize in a given area, such as government billing.

What qualities do you look for in employees?

In addition to being hard workers and team players, we want folks who are looking to grow professionally. Our business model is such that it presents a great deal more opportunities to accounting professionals than if they were part of a small accounting staff working directly for a contractor.

It is particularly critical that our employees understand what indirect cost pools are, how to set them up, how they pertain to the government contractor's business cycle, and how to defend them in light of DCAA requirements.

In terms of your client interactions, what principles guide you? What about your clients makes you most proud?

All of our work is focused on helping our clients to grow their business. We do this by improving processes. We do it through audits and by setting up accounting systems so that clients can get contracts or be positioned to soon get them.

Our business offerings enable clients to conserve capital as they can cherry-pick the accounting expertise and tools they need.