



ACCOUNTING INSTRUCTION
TIMEKEEPING POLICIES AND PROCEDURES
POLICY OBJECTIVE

The purpose of this document is to establish policies and procedures by which timekeeping will be accomplished within TeKnoFirm and to ensure that the company maintains an effective and accurate timekeeping system.

RESPONSIBILITIES

Federal regulations and contractual obligations require accurate reporting of labor hours performed to provide a source of information for recording contract labor costs and creating the payroll. The integrity of our timekeeping system is essential to the success of TeKnoFirm. Therefore, it is every employee's responsibility to ensure that time is reported and recorded accurately and honestly. This means reporting only the true and actual number of hours worked and ensuring that the hours charged specifically relate to the activity or work performed. All employees must ensure that no cost is allocated to a government contract which is unallowable, misallocated, contrary to a contract provision or otherwise improper. Shifting of costs to inappropriate contracts or charge numbers is strictly prohibited. All employees are expected to be familiar with the company and respective division timekeeping procedures and to be prepared at any time to demonstrate compliance during internal and government audits of TeKnoFirm timekeeping practices.

Individual responsibilities are as follows:

Employees.

Record actual time worked or absence from work on a timely basis, using the appropriate job or account number assigned by the supervisor for all work to be performed and submit timesheets to timekeeper. Verify by signature, the accuracy of time recorded on the computer generated Semi-monthly Timesheets and inform supervisor and timekeeper of any discrepancies. Obtain approval in advance for all planned absences.

Supervisors:

Provide subordinates with appropriate time charging codes applicable to the activity or specific assignment to be performed or codes relating to absences. Review and approve by signature subordinates time reporting records. Review and approve requests for leave of absence. Train subordinates in timekeeping procedures.

Timekeepers and Corporate Payroll Department personnel:

Collect employee time records and input data into the computer system, validate entries, and notify the corporate payroll department when time is completed. Prepare and process adjustments to timekeeping data posted to a prior period. Distribute computer generated Weekly Timesheets to employees for verification and approval. Collect signed Weekly Timesheets, account for missing sheets and forward to corporate payroll department. Maintain timekeeping records for proper retention period. Verify leave records. Train new timekeepers and provide periodic training to all timekeepers to ensure proficiency.

PROCEDURES

Recording Labor Time:

Each employee will report/record daily activity on a designated timesheet or electronic timesheets. Time will be entered in one-tenth hour increments. All time will be recorded for time worked and absence from work. Estimating time will only be allowed for anticipated leave or special circumstances authorized by Corporate Finance such as month-end closings. Reporting of time while on authorized travel will be accomplished by email, fax or telephone. Time records will be recorded and signed in ink. Error correction will be in ink and accomplished by lining out the erroneous entry, recording and initialing the change.



Supervisors will review all time records for accuracy and completeness and verify overtime entries prior to submission for data input, sign the timesheet in ink and forward to the timekeeper. Time associated with direct labor, will be indicated by an assigned contract specific project/job number and account number. Indirect related time and paid absence will be indicated by account number established by the TeKnoFirm Chart of Accounts which is maintained by the corporate accounting department. Timekeepers will enter and validate time records on either a daily or weekly basis. Timekeepers will notify the corporate payroll supervisor upon completion of time entry.

Overtime:

Work in excess of an 8-hour day or 40 hour week may or may not be compensated overtime depending on the employee's classification under the Fair Labor Standards Act. Employees classified as nonexempt are subject to payment of overtime under the provisions of FLSA. Employees classified as exempt are excluded from the overtime provisions of the FLSA. Nonexempt employees will be compensated at their base salary for overtime worked. Exempt employees may be compensated for overtime worked in accordance with company policy and contractual requirements. Any scheduled overtime to be worked by an employee must be approved in advance by their supervisor.

Review and Approval of Labor Time Distribution:

Computer generated Weekly Time Sheets will be printed on yellow paper and distributed following the posting of weekly time input. The weekly time sheet serves as the official auditable document for time worked and therefore will be signed by the employee and approved by the supervisor so as to authenticate actual time recorded.

Signatures will be legible, in ink and identical to the name appearing on the time records. Errors and other required adjustments identified by the employee and supervisor will be noted on the document, initialed, and signed by the employee and supervisor. Lining out the error and indicating the correction on the timesheet with the initials of the employee and supervisor is the only acceptable method rather than altering, erasing or whiting out the error. The timekeeper will use the corrected document as the basis for processing a Correcting Time Sheet to adjust timekeeping records and to provide an audit trail between previously entered data and the correcting timesheet. Signed Weekly Time Sheets will be returned to the Corporate Payroll Office within two weeks to be retained in accordance with corporate record retention guidelines.

Training and Awareness:

All employees are to be made aware that TeKnoFirm have documented policies and procedures in labor reporting and timekeeping. Timekeeping procedures should be made available to all employees. Training of employees, supervisors and timekeepers should be performed periodically to ensure that the latest timekeeping procedures and practices are properly communicated. All employees should be made aware that improper reporting of time on government contracts constitutes fraud and in no way is it tolerated by TeKnoFirm.