

4.01 Timekeeping

I. INTRODUCTION TO THE IROQUOISYSTEMS TIME KEEPING POLICY

Accurately recording time worked is the responsibility of every employee. Federal and state laws require IroquoisSystems to keep an accurate record of time worked in order to calculate employee pay and benefits. **Time worked is all the time actually spent on the job performing assigned duties.**

Each employee of the company is personally responsible for maintaining a daily, accurate record of time spent by task for each workweek and for preparing an electronic timesheet.

Each timesheet is required to be certified correct by the employee and the employee's immediate supervisor or designated approver.

It is the responsibility of all employees to assure their time is accurately recorded to all cost objectives upon which they performed work during a given workweek. Time actually spent on a given task may only be charged to that task. Similarly, all time spent on a particular task must be charged to it and not, under any circumstances, to another task. All employees are to record all time in increments of 1/2 hour (30 minute increments).

II. PURPOSE OF THE POLICY

IroquoisSystems prepares billings on Government contracts from its time records. Inaccuracies in such records could subject the company or its personnel to criticism and, under certain circumstances, could be deemed a violation of federal law subjecting the company and its employees to civil and criminal penalties. Set forth herein are the policies and procedures to be observed by all employees of the company in recording and accounting for their time.

III. MAJOR RESPONSIBILITIES AND ASSIGNMENTS

The Corporate Officer along with the Office Manager is responsible for the development and implementation of accurate and timely labor reporting practices. The Corporate Officer, Accounting Department, and Office Manager are responsible for monitoring and complying with these procedures and actions for the Defense Contract Audit Agency (DCAA). Immediate managers are responsible for tracking and budgeting their contracts' direct and indirect hours.

IV. DEFINITIONS

Direct Charge - is any charge that can be identified specifically with a final cost objective. Labor charges identified specifically with a contract shall be direct charges to that contract and shall be reported directly thereto. A direct charge to one contract shall not be charged to another contract or to an indirect charge.

Indirect Charge - is any charge that is incurred for common or joint objectives and is not readily subject of treatment to a direct charge. This includes general management support labor, marketing, and compensated leave time. An indirect charge shall not be reported as a direct charge to a contract.

Normal Work Week - is Forty hours.

Pay period - is twice a month. The first pay period of the month consists of days 1 - 15 and the second pay period of each month consists of day 16 through the end of the month.

Labor Charge Number - A number used to identify a specific contract and task assignment, or indirect (Overhead, General and Administrative, or Proposal) work.

DCAA Floor Check - The Defense Contract Audit Agency (DCAA) and other Government agencies conduct random labor audits (floor checks) during which the Government representatives will interview ISI's employees to determine whether acceptable procedures are being used to record labor charges.

Exempt Employee - An exempt employee is a full-time salaried employee who may be exempt from overtime payments under the guidelines provided in the Fair Labor Standards Act, as amended.

Non-Exempt Employee - A non-exempt employee is an hourly (non-salaried) employee.

Timesheet Correction - A timesheet correction is a correction that is made to a timesheet prior to approval by the employee's supervisor.

V. TIMESHEET ENTRY PROCEDURES

Employees are required to enter time on their electronic timesheet on a daily basis and are to record all time worked using the proper labor charge number. All time worked, productive or nonproductive, compensated or uncompensated will be accurately recorded on each employee's timesheet.

Employees shall not record time in advance of the actual work, unless approved by a supervisor due to forthcoming travel or absence.

No employee is authorized to change another employee's time on the timesheets. Changes to another employee's timesheet - in the event that an employee is absent or their timesheet contains errors - can only be made by a supervisor or Office Manager. (See Recording Time When Employee is absent or on travel status and Time Sheet Corrections below).

Employees are forbidden from sharing their TeamKeeper login information with anyone. If an employee needs password recovery assistance, they must contact an Office Manager.

Each employee must submit their own digital timesheet by no later than the end of the day on the final day of the pay period. This will be the 15th (1st Pay Period) or the last day of the month (2nd Pay Period). By submitting their timesheets, the employee applies a "digital signature" that certifies that they have followed the required labor reporting procedures, that the information set forth is complete and accurate, and that the timesheet adheres to all relevant company policies

and procedures.

Under no circumstances should an employee submit an incomplete timesheet.

The employee's immediate supervisor or designated approver is required to approve the employee's timesheet. By such signature, the approver certifies that, to the best of the approver's knowledge, the information set forth is complete and accurate and all relevant company policies and procedures have been followed.

An approver may not certify an employee's timesheet until it has been completed and submitted by the employee, except as noted above.

No supervisor will attempt to influence an employee to report incorrect or improper labor charges. Employees will not report incorrect or improper labor charges on the basis of pressures from ISI management, customers, known budget problems, funding concerns, or for any other reason.

Non-exempt employees must accurately record the time that they begin and end their workday.

No compensation will be paid for an exempt employee's additional time unless it has been approved for the periods in which the additional time was worked.

VI. RECORDING TIME WHEN EMPLOYEE IS ABSENT OR ON TRAVEL STATUS

During periods when an employee is on travel, work at home, or leave status, the Supervisor, to whom the employee reports is responsible for ensuring that the proper job code, task number, or other labor charge identification is accurately reflected on the employee's timesheet, and that the timesheet is submitted timely at the end of the pay period.

Supervisors may authorize the employee to prepare their timesheets in advance of travel or leave when the travel/leave duration and specific leave/job are known. In this case, employees should make sure that the timekeeping system reflects the correct job number and the correct days.

The timesheet job/task numbers must reflect the same job/task number as that on the employee's travel expense report.

VII. TIME SHEET CORRECTIONS

Time Sheet Corrections by Employees on UNSUBMITTED timesheets can be made at any time in TeamKeeper for the current pay period. Employees must note the reason for this change either in the TeamKeeper pop-up or in the notes section for that current timecard.

Time Sheet Corrections by Employees on SUBMITTED timesheets must be communicated with both the employee's supervisor and the Office Managers as soon as possible. In order to insure accuracy and DCAA compliance, changes will be made and approved through the supervisor or Office Managers.

VIII. PROCESS

A. Employee Submissions of Timesheets

- ISI Employees are paid twice a month (1st-15th and the 16th – the end of the month). Timesheets are to be completed electronically, saved, and submitted by the employee no later than end of the day on the final day of the pay period. This will be the 15th (1st Pay Period) or the last day of the month (2nd Pay Period).

B. Review of Timesheets

- Upon receipt of the timesheets, the Supervisor or designated approver reviews, corrects, and approves the time sheets. If no errors or omissions are noted, the supervisor/ approver will then approve each employee's timesheet for entry into the accounting system.
- If the supervisor who is responsible for the approval of employee timesheets is absent at the end of the pay period, another designated company official may approve those employee timesheets.

C. Accountability

- At the beginning of each pay period, employees will have access to the new pay period's digital timesheet through TeamKeeper. The timesheet shall be completed on a daily basis by the individual employee reflecting total time spent on each task. Upon employment or upon contract change, the immediate manager shall supply valid charge numbers.

D. Terminations

- A timesheet shall be submitted for an employee through the last date for which the employee shall be paid. The employee is responsible for the submission of the timesheet to the immediate manager prior to the exit interview with Human Resources.

E. Incorrect Timesheets

- Corporate offices shall notify the department of those timesheets containing errors or omissions, invalid or unapproved charge numbers. That department shall be responsible for submitting a correction in accordance with Section IV of this policy.

F. Employee Awareness

Initial Orientation

- All new employees of IroquoiSystems are trained on their first day of employment in the use of IroquoiSystems' timesheet processes and labor reporting procedures as set forth in this policy.

Annual Training

Purpose

- The purpose of this training is not only to update the employees as to proper time-entry procedures, but also to remind employees of the ramifications when such procedures are not followed. Employees will be reminded that the Defense Contract Audit Agency (DCAA) frequently performs unannounced floor checks of ISI's facilities to determine that company employees are consistently following prescribed timekeeping guidelines to ensure accuracy of government contract costs.

Procedure

- All existing employees are retrained periodically through corporate communications or the website. Each employee is responsible for watching/reading the current Timekeeping Policies and Procedures Video and accompanying instructions. This is to be completed annually.
- Following the updated instructions, each employee will be required to print and sign a statement certifying that they received the training and understand the consequences for failing to comply with company timekeeping instructions.

Periodic floor checks

- Other methods of awareness include random spot floor checks conducted by the Corporate Officers and Office Manager.

G. Penalties

- Each employee is required to accurately complete their timesheet on a daily basis. Falsification of labor reporting can result in fines, loss of government contracts to IroquoisSystems and possible company closure. Employees providing incorrect or false information are subject to disciplinary action; to include penalties of fines and imprisonment.
- In order to comply with DCAA and alleviate any possible future allegations, IroquoisSystems conducts spot floor checks of a random sample of employee timesheets. Any employee found not complying with company procedures will have a formal written reprimand placed in their permanent personnel file and will be required to review this policy. A second offense will include another written reprimand, a meeting with the division Vice President and a second review of IroquoisSystems' labor reporting policy. A third offense will result in a suspension or immediate termination. Depending on the seriousness of the offense, termination could result from the first or subsequent violation.