eTimesheets: DCAA Timekeeping Control Mapping

SF 1408 Pre-Award Survey Criteria and DCAA Timekeeping Expectations Mapped to eTimesheets System Controls

Prepared for accounting and compliance advisors | eTimesheets.com

1. Purpose of this document

This document maps eTimesheets' timekeeping controls to the criteria evaluated in the Standard Form 1408 (Pre-Award Survey of Prospective Contractor Accounting System) and to the timekeeping practices DCAA examines during labor floor checks and incurred cost audits. It is intended for CPAs and compliance advisors evaluating whether eTimesheets, used together with QuickBooks Online, supports an adequate accounting system for cost-reimbursable and other flexibly priced government contracts.

An accounting system is judged as a whole: policies, software, and practices together. eTimesheets provides the timekeeping and labor distribution controls described below; the contractor remains responsible for written policies, consistent practice, and the overall accounting system design.

2. SF 1408 Criteria Relevant to Timekeeping and Labor

The SF 1408 evaluates the accounting system as a whole. The criteria below are those that timekeeping and labor distribution directly support. Criteria unrelated to labor (e.g., exclusion of unallowable costs from claims) are addressed by the contractor's broader accounting system and advisor guidance.

SF 1408 Criterion	What the Evaluator Looks For	eTimesheets Control
2.a — Proper segregation of direct costs from indirect costs (labor)	Labor hours are identified as direct or indirect at the point of entry, not reclassified after the fact in the general ledger.	Every charge code is designated direct or indirect when created. Employees can only charge to codes assigned to them, so direct/indirect segregation happens at time entry.
2.b(1) — Identification and accumulation of direct costs by contract	Direct labor is accumulated by contract, task order, or CLIN, not in a single pool that gets allocated later.	Charge codes are structured by contract/project and map to QuickBooks Customer:Job on sync, so direct labor accumulates by final cost objective in both systems.
2.b(2) — A timekeeping system that identifies employees' labor by intermediate or final cost objectives	The timekeeping system itself — not a downstream spreadsheet — ties each hour to a cost objective.	Time entries require a valid charge code; unallocated or free-text time entries are not possible. Each entry carries employee, date, hours, and cost objective.
2.b(3) — A labor distribution system that charges direct and indirect labor to the appropriate cost objectives	Recorded labor flows to the job cost ledger consistently and reconcilably; labor distribution ties to payroll and the general ledger.	Approved timesheets sync one-way to QuickBooks Online as TimeActivity records mapped to Customer:Job, Service Item, and Class — creating a labor distribution that reconciles to timekeeping records.

SF 1408 Criterion	What the Evaluator Looks For	eTimesheets Control
2.d — Accumulation of costs under general ledger control	Labor cost data isn't maintained in a side system disconnected from the books.	The QBO sync keeps timekeeping and the general ledger environment in lockstep; the sync log provides a reconciliation trail from timesheet to ledger.
2.h — Reliable data for pricing follow-on acquisitions	Historical labor by contract and task is retrievable and trustworthy.	Labor history is queryable by employee, charge code, contract, and period for use in forward pricing and proposal support.

3. DCAA Timekeeping Expectations

DCAA has no formal software certification — no product is 'DCAA certified.' What auditors evaluate is whether the contractor's timekeeping practices meet the expectations below, which are drawn from DCAA audit guidance and the criteria applied during labor floor checks and timekeeping walkthroughs. eTimesheets is designed so that following the software's default workflow satisfies each expectation.

Requirement	What DCAA Expects	eTimesheets Control and Evidence
Daily time entry	Employees record time daily, as work is performed — not reconstructed at the end of the week or pay period.	Timesheets are structured for daily entry. [Optional daily reminder notifications; late-entry flagging.] Entry timestamps are retained, so an auditor can verify recording patterns.
Employee records own time	The employee — not an admin, supervisor, or office manager — personally enters their hours.	Each employee has a unique login; entries are attributed to the authenticated user. Admins cannot silently enter or alter time on an employee's behalf.
Total time accounting	All hours worked are recorded — direct, indirect, paid, and unpaid (including uncompensated overtime for salaried staff) — so labor costs distribute accurately.	Timesheets capture all hours against direct and indirect codes (including overhead, G&A, B&P, PTO, holiday).
Valid charge codes only	Employees can charge only to authorized, active cost objectives; charge code changes are controlled.	Employees see only the charge codes assigned to them. Codes are activated/deactivated centrally; closed contracts cannot be charged.
Supervisor review and approval	A supervisor reviews and approves each timesheet, and the approval is documented.	Configurable approval workflow: employee submits, supervisor approves, with approver identity and timestamp recorded. Unapproved time does not sync to QuickBooks.

Requirement	What DCAA Expects	eTimesheets Control and Evidence
Documented corrections	Corrections are initiated or concurred to by the employee, include a reason, and preserve the original entry.	All changes to submitted time create an immutable audit trail: original value, new value, who, when, and a required reason code/comment. Post-approval changes trigger re-approval.
System access controls	Unique credentials, no shared logins, and appropriate password controls (the electronic equivalent of 'no signing someone else's timecard').	Unique user accounts with [password policy / MFA]; role-based permissions separate employee, supervisor, and admin functions.
Timely submission and processing	Timesheets are completed, submitted, and approved on a defined schedule aligned to the labor distribution cycle.	Period close workflow with submission deadlines and [automated delinquency reminders to employees and approvers]. Approval status is visible at a glance for the whole company.
Written policy and training	A written timekeeping policy exists, employees are trained on it, and practice matches policy.	eTimesheets provides a [model timekeeping policy template] aligned to the system's workflow, and [an employee acknowledgment step at first login]. The contractor adopts and maintains the policy.
Record retention	Timekeeping records, approvals, and correction histories are retained and producible (FAR 4.7 retention periods apply).	All timesheets, approvals, and audit trails are retained [for the life of the account / 10 years] and exportable on demand for audit support. [Export formats: PDF, CSV]

4. Labor Floor Check Readiness (MAAR 6)

Floor checks are unannounced. DCAA interviews employees, asks how and when they record time, and verifies that recorded charges match actual work. The contractor's ability to respond quickly is itself part of the impression of adequacy. eTimesheets supports floor check response as follows:

- **Real-time employee status —** supervisors and admins can immediately show whether any employee's timesheet is current through today, supporting the auditor's 'is time recorded daily?' line of questioning.
- **Entry provenance —** every entry shows who recorded it and when, demonstrating employees record their own time contemporaneously.
- **Charge authorization —** the auditor can be shown exactly which cost objectives an employee is authorized to charge, and that the employee's current work maps to them.
- **Correction history on demand —** the full audit trail for any employee or period is producible in minutes, not reconstructed from emails and spreadsheets.

5. Labor Distribution via QuickBooks Online Integration

Small contractors are frequently cited not for missing timesheets but for a broken chain between timekeeping, labor distribution, and the general ledger. eTimesheets' QuickBooks Online integration is designed to keep that chain intact without a full ERP:

- **One-way, approval-gated sync —** only approved timesheet entries sync to QuickBooks Online as TimeActivity records. Draft or unapproved time never reaches the books.
- **Cost objective mapping —** each eTimesheets charge code maps to a QuickBooks Customer:Job (contract/task), Service Item (labor category), and Class (direct/indirect or division), preserving job-cost integrity in the ledger environment.
- **Reconciliation trail —** the sync log ties every TimeActivity in QuickBooks back to a specific approved timesheet entry, giving auditors and advisors a clean timekeeping-to-ledger reconciliation.
- **Advisor benefit —** incurred cost submissions, indirect rate calculations, and provisional billing support start from clean, job-costed labor data instead of spreadsheet cleanup.

6. Scope Notes for Advisors

- eTimesheets is a timekeeping and labor distribution front end. It does not replace the accounting system of record; it is designed to make QuickBooks Online adequate for labor accounting at small-contractor scale.
- Indirect rate structure, pool/base design, unallowable cost screening, and ICS preparation remain the contractor's and advisor's domain — eTimesheets supplies the labor data those processes depend on.
- Typical fit: services contractors under roughly $10–20M revenue on cost-reimbursable, T&M, or hybrid awards, for whom Deltek-class ERP cost and implementation burden are disproportionate.
- No software is 'DCAA approved.' Adequacy is determined by the contractor's system and practices as a whole; this document shows how eTimesheets' controls support that determination.

This document describes system capabilities and common audit expectations; it is not legal or audit advice. Contractors should confirm system adequacy with their cognizant auditor and advisor.