



What Happens After the Award?

Tip #6

Accurate time tracking will be required.

All 11 agencies that award SBIR/STTR dollars expect companies to *accurately track every cost associated with the funding*. Even if you're a very small business, they expect you to have a basic time tracking system in place even before you receive the award.

Defense Contract Audit Agency (DCAA) compliance states that staff members (hourly and salaried), including the company owners, must enter and record all of their time each day. All hours must be tracked in a compliant timekeeping system. Unlike other costs, labor is not supported by cash receipts or other physical evidence, so timekeeping procedures are extremely important.

Timesheets are the proof required to support the work performed on SBIR/STTR-funded projects, but they are also the proof needed to support the companies indirect rate.

Much of a company's indirect costs are administrative time spent by employees and management/owners. Even company members that never work on the SBIR/STTR funded project must provide proof of their administrative time. Not doing so could result in a loss of significant dollars that could otherwise be collected to cover part of their salary and benefits.

Timekeeping Preparation

- Actual time is to be recorded (not percentages of a day) and it is not uncommon for a typical day to exceed 8 hours
- Time spent on each contract, activity and project must be recorded separately
- Timesheets should be completed every day — otherwise, it's too easy to forget where the time was actually spent

- Changes to the timesheet must include the original time charged, the corrected time charge and must be signed or initialed by the staff member
- Timesheets must be signed by the staff member and counter-signed by a supervisor or other designated company member
- The supervisor is prohibited from completing an employee's timesheet or making changes to recorded time
- All time — paid and unpaid — must be recorded. This is because associated overhead rates are affected by the total hours worked, not just paid hours worked

BBCetc encourages companies no matter how small you are to establish a policy and procedure for time keeping that clearly details the companies requirement for timekeeping and for the separation of duties as it relates to the recording and collection of time sheets.

There are a number of electronic programs available but a simple spreadsheet with procedures for protection of the information will also meet the compliance requirements.

A BBCetc consultant can help you choose the best program to use and help you determine the most appropriate time keeping procedures.

To learn more, review the [DCAA Information for Contractors manual](#) or visit sbir.gov and search for "time keeping requirements" to find out exactly what each agency requires.