AVISTRATA
AVIATION BUSINESS PLATFORM

Government Contract Compliance Guide

DoD acquisition reforms, FAR and DCAA requirements in Avistrata

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PREPARED FOR

Program managers, contracts and finance leads at DoD contractors and subcontractors

Repair stations, operators and service companies working on prime contracts or subcontracts

FROM

Leesburg Aviation LLC
1001 Sycolin Rd, Leesburg, VA 20175
703.520.5040 · mrotracker.com

At a glance

DoD acquisition changed a lot in 2025 and 2026. Fixed price is now the default, and commercial and nontraditional suppliers are preferred. Cost data and CAS thresholds went up, and CMMC third-party assessments are paused. The FAR and DFARS are being rewritten through class deviations. Avistrata's Program Management module keeps the records you need for this in one place, next to the program itself:

- **A compliance record for your organization:** UEI, CAGE, small business and nontraditional status, your NIST SP 800-171 score in SPRS, the CMMC level you hold and your yearly affirmation.
- **A compliance record for each contract,** with automatic checks: CMMC level, DFARS 7012 and 7019, commercial determination, certified cost or pricing data, CAS, EVM, the reason a contract isn't fixed price, and funding.
- **A clause and class-deviation register:** which deviation and revision governs each clause, and when someone last checked it.
- **Timesheets built to DCAA expectations:** daily entry for every hour, direct and indirect charge codes, employee certification, supervisor approval, a reason for every change and a full audit trail, with labor distribution reports.
- **Government cost accounting:** indirect pools and rates, unallowable costs kept out, a month-end close that reconciles to payroll and the general ledger, cost to date against funding by CLIN, cost-type and T&M vouchers, and incurred cost schedules for the year.

Good to know. DCAA doesn't certify software. It reviews the contractor's own accounting system: your policies, your people and the tools you use. Avistrata gives you the records and controls that review looks for. Your written procedures, training and general ledger are still part of the system. The thresholds in this guide come from the FY2026 NDAA and the DoD class deviations in force on the date above. The clauses in each contract govern. This guide is not legal or accounting advice.

1. What changed

When	Change	What it means for contractors
Jul–Sep 2026	DFARS class deviations (Revolutionary FAR Overhaul) revised	**Fixed price is the default contract type** (Part 216). Nontraditional contractors are exempt from certified cost or pricing data, FAR Part 31, EVM and purchasing-system rules unless waived. Subcontracting plan reporting moves to SAM.gov. Revisions replace each other, so check which one applies.
Jul 13, 2026	CMMC Phase 2 suspended	Third-party (C3PAO) Level 2 and Level 3 assessments are paused. **Still required:** self-assessments posted in SPRS, annual affirmations, DFARS 252.204-7012 and NIST SP 800-171.
Dec 18, 2025	FY2026 NDAA (P.L. 119-60)	Certified cost or pricing data above **$10M** (was $2.5M) for awards after June 30, 2026. CAS applies from **$35M**, with full coverage from **$100M**. Nontraditional contractors are exempt from cost data and business-system rules, and commercial past performance counts.

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When	Change	What it means for contractors
Nov 7, 2025	"Warfighting Acquisition System" memo	Portfolio acquisition executives manage programs with speed first. Commercial is preferred, critical items need two sources, and open modular designs are favored. Expect rewards for early delivery and penalties for delay.
Apr 9, 2025	Executive order on defense acquisition	Commercial solutions, other transactions and rapid pathways are preferred. Programs more than 15% behind schedule or over cost may be cancelled.

2. Where each requirement lives in Avistrata

Requirement	Where	Status
Contract type, line items (CLINs), ceiling and funding	**Program → Overview, Line items**. Cost-type contracts are allowed only once an approved accounting system is on record.	Available
Deliverables (CDRLs), government property	**Program → Deliverables, Furnished**	Available
Cost and schedule against a baseline	**Program → Schedule, Earned value**: WBS, CPI, SPI, EAC, VAC and TCPI. Re-baselining needs an approved change.	Available
CUI and ITAR handling	Program marking. Marked programs are visible only to their team, and AI features are off on them.	Available
CMMC, SPRS, affirmation	**Program Management → Compliance**	Available
Commercial, nontraditional, cost data, CAS, EVM, fixed price	**Program → Compliance**, with automatic threshold checks	Available
Clauses and class deviations	**Program → Compliance → Clauses and class deviations**	Available
DCAA timekeeping and labor distribution	**Program Management → Timesheets**	Available
Funding and limitation of funds against actual spend	**Program → Costs**: cost and fee to date against funds allotted and the ceiling, by CLIN, with the notice point	Available
Indirect rates, unallowable costs, month-end close, incurred cost	**Program Management → Cost accounting**	Available
Cost-type and T&M vouchers	**Program → Costs → Vouchers**, made as draft invoices in Billing	Available

3. The compliance record for each contract

Open a program and choose **Compliance**. Record what the solicitation and contract require, and Avistrata checks it against the contract's type, ceiling and dates and against your organization's record. Anything that needs attention appears at the top. Amber means action needed and red means a gap. Blue notes are for information.

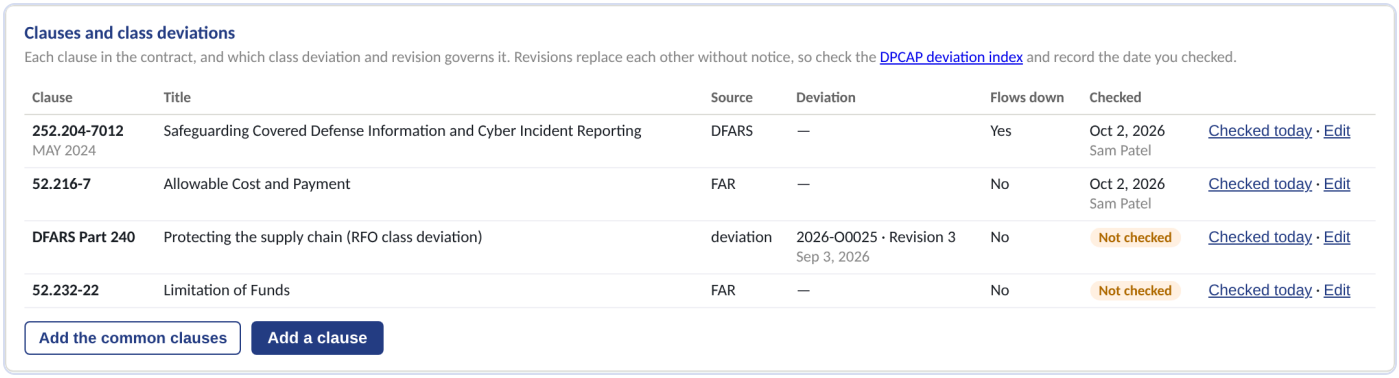


The checks on a sample cost-plus-fixed-fee program with a $42M ceiling.

Check	Rule it applies
CMMC level	The level the contract requires against the level you hold. While Phase 2 is suspended, a contract asking for a third-party assessment is marked as such.
DFARS 252.204-7012 / 7019	A CUI program without 7012 is flagged. With 7019 in the contract, your SPRS score must be less than 3 years old.
Fixed price	A cost-type, T&M or labor-hour contract needs a recorded reason (DFARS Part 216 deviation).
Certified cost or pricing data	Above $10M (awards after June 30, 2026; $2.5M before), unless an exception applies and is recorded: competition, commercial, nontraditional or a waiver.
Cost Accounting Standards	$35M and $100M thresholds (FY2026 NDAA §1806). Small businesses and fixed-price commercial awards are exempt.
Earned value management	Cost and incentive contracts at $20M and above (DFARS 234.201). Validated systems at $100M. Nontraditional contractors are exempt.
Commercial determination	A product or service marked commercial needs the determination on file: who made it, when, and why.
Funding	Funded amount against the ceiling, with your notice point (75% by default).

Clauses and class deviations

Since the FAR overhaul, many clauses are governed by a class deviation, and deviations are revised without notice. The register lists each clause in the contract and the deviation number, revision and date that govern it. It also shows whether the clause flows down to subcontracts, and when someone last checked it against the DoD deviation index. **Add the common clauses** fills in the usual set for the contract type: cyber clauses when the program holds CUI, and cost, limitation-of-funds and accounting-system clauses for cost-type work.



Clause register with one deviation clause. "Checked today" records who checked the clause and when.

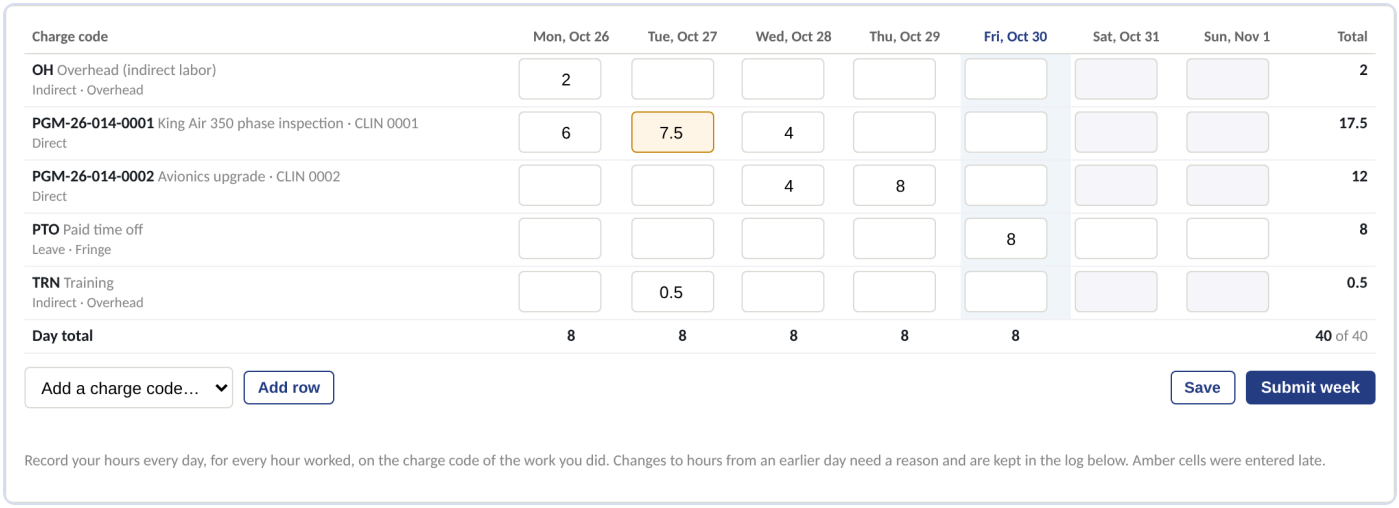
4. Your organization's record

Program Management → Compliance holds what applies to the whole company. Directors, finance and administrators keep it up to date:

- **Identity and status:** UEI and CAGE, primary NAICS, small business and socio-economic programs, nontraditional status and its basis.
- **Cybersecurity:** your NIST SP 800-171 score, assessment method and date, the date the system security plan was last updated, the CMMC level held, conditional status with the date open POA&M items must close, and the last annual affirmation and who made it.
- **Reminders on screen:** an affirmation older than a year, an SPRS score older than 3 years, or a POA&M past its close-out date.
- **Every open program** listed with its CMMC requirement and its number of open compliance items, one click from its record.

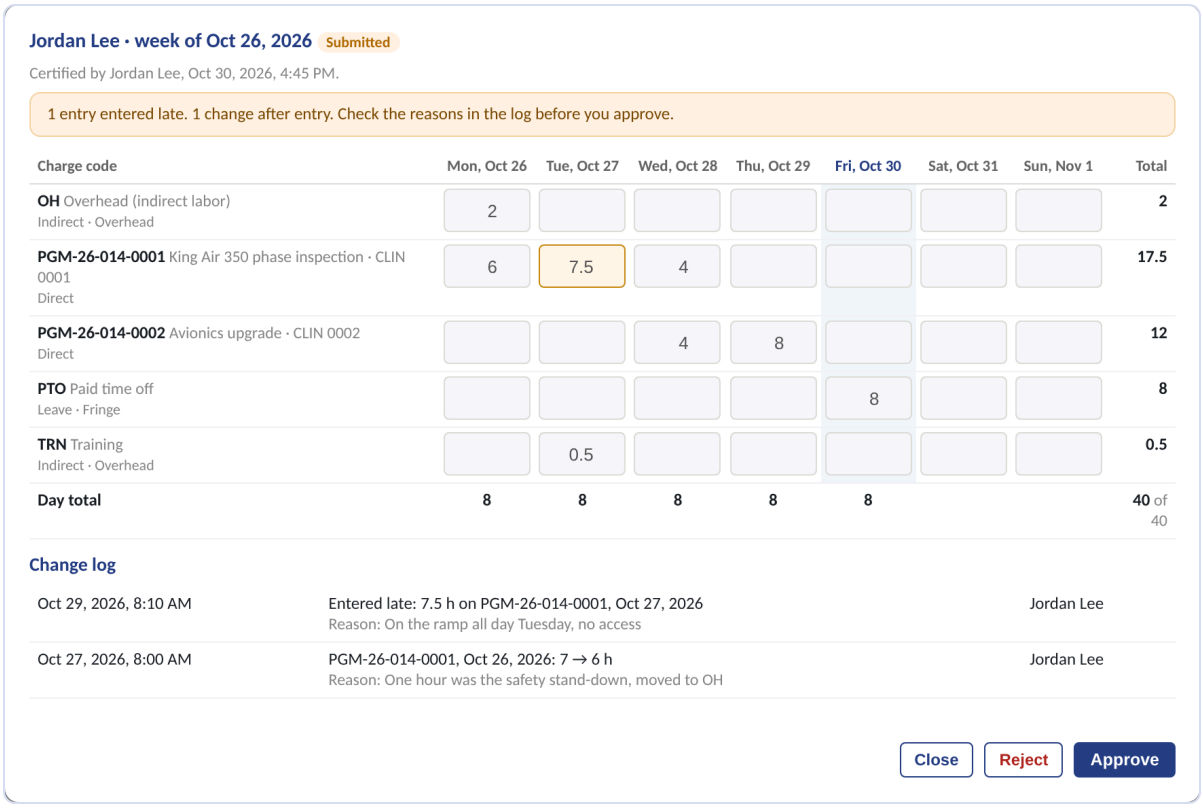
5. Timesheets built to DCAA expectations

DCAA expects every employee to record all hours worked each day, direct and indirect, on the right charge code. Each employee certifies their own timesheet, and a supervisor approves it. Every change after the fact needs a reason, and labor distribution must reconcile to payroll. Avistrata's timesheets are built around those expectations. The rules are enforced by the database itself, so they can't be skipped from a browser or the API.



My timesheet: hours by day and charge code. The amber cell was entered late; days that haven't come yet are locked for work hours.

DCAA expectation	How Avistrata handles it
Employees record their own time, daily	Only the employee can enter or change their hours. Entries made after the late window you set (1 day by default) are flagged and logged.
No time recorded in advance	Work hours can't be entered for days that haven't happened. Only planned leave can.
All hours, on the right cost objective	Charge codes for each program, line item and WBS element, indirect pools (overhead, G&A, B&P, IR&D), leave, and an unallowable code. Codes can be limited to named people and dates.
Changes explained and traceable	Changing hours from an earlier day needs a reason. The change log keeps the old and new hours, the reason, who made the change and when.
Employee certification	Submitting requires a certification statement and the employee's full name, saved with the timesheet.
Supervisor approval	Each employee has an assigned approver. Nobody can approve their own timesheet, and a rejection needs a reason. Changing an approved week means recalling it with a reason, and it then needs approval again.
Labor distribution that reconciles	Reports by charge code, employee, or program and pool. They show approved and unapproved hours, missing and unapproved weeks, and all late entries and changes, with CSV export for payroll and the general ledger.



The approver sees the certification, the late entry and the change with their reasons before approving.

Labor distribution (hours)

	Direct	Indirect	Leave	Unallowable	Total	Approved
OH · Overhead (indirect labor)		2			**2**	
PGM-26-014-0001 · King Air 350 phase inspection · CLIN 0001	17.5				**17.5**	
PGM-26-014-0002 · Avionics upgrade · CLIN 0002	12				**12**	
PTO · Paid time off			8		**8**	
TRN · Training		0.5			**0.5**	
Total	**29.5**	**2.5**	**8**	**0**	**40**	**0**

Reconcile the total with payroll hours for the same period. Unapproved hours aren't final.

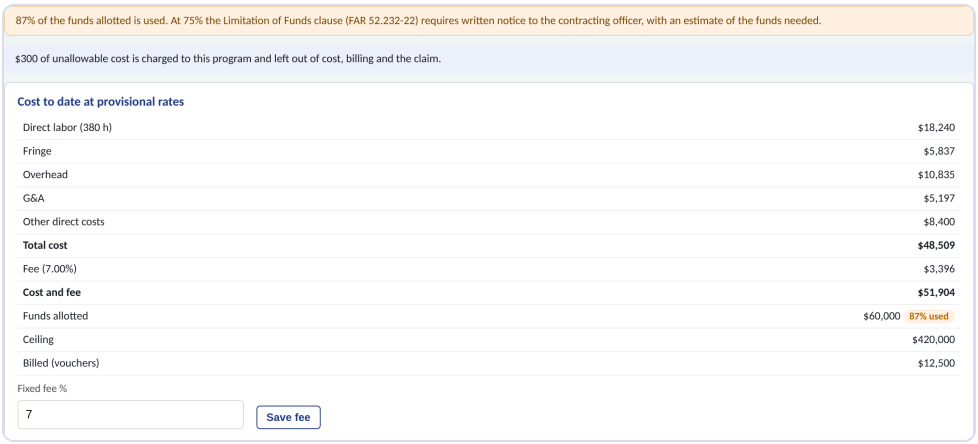
Labor distribution for a period, split into direct, indirect, leave and unallowable hours.

6. Government cost accounting

Program Management → Cost accounting (finance, directors and administrators) turns timesheets and costs into the numbers a cost-type or T&M contract needs. Labor is costed at each person's rate from Accounting setup; other costs are entered by charge code or brought in from approved vendor bills.

Part	What it does
Indirect pools and rates	Pools such as fringe, overhead and G&A, each with its allocation base and order. Provisional, final and ceiling rates per fiscal year, next to the actual rate worked out from the year's ledger. A rate running more than 5% above provisional, or above its ceiling, is flagged.
Unallowable costs	An unallowable charge code, an unallowable flag on a cost (with its FAR 31.205 reference), or an expense account marked unallowable. Unallowable costs stay out of the pools, vouchers and the claim, and stay in the bases.
Month-end close	Timesheet hours against payroll hours, labor and other costs against the general ledger, costs charged to each contract, and a checklist. Closing locks the month's timesheets and costs; reopening needs a reason. Both are logged.

Part	What it does
Funding	On each program's **Costs** tab: cost to date at provisional rates plus fee, by CLIN, against the funds allotted and the ceiling. Warnings at the Limitation of Funds notice point (75% by default, FAR 52.232-22) and near the ceiling (FAR 52.232-20).
Vouchers	Cost-type: allowable cost by element at provisional rates plus fee. T&M and labor-hour: approved hours at each person's labor category rate plus materials at cost. Each is made as a draft invoice in Billing and remembered, so billed-to-date is known. Labor categories keep each person's qualification on file.
Incurred cost	The year's schedules in the layout of DCAA's incurred cost model: rates claimed (A), each pool's costs, direct costs by contract (H), claimed against billed (I) and the unallowables, downloaded as a workbook to check and submit.



A program's Costs tab: cost and fee against funding, with the Limitation of Funds notice.



The month-end checklist: approvals, cost rates, payroll and general ledger reconciliation, unallowables.

7. DCAA accounting system criteria

The table maps the criteria DCAA reviews in a pre-award survey (SF 1408) and a business system review (DFARS 252.242-7006) to what Avistrata does today.

Criterion	Avistrata	Status
Timekeeping by cost objective; labor distribution	Timesheets and labor distribution reports.	Available
Direct costs kept apart from indirect, gathered by contract	Direct, indirect and leave charge codes. Labor cost by work order goes to the general ledger as a journal.	Available
Costs by contract line item, where the contract requires it	Charge codes and the WBS can be tied to each CLIN.	Available
Unallowable costs kept out of billings and proposals	Unallowable codes, cost flags with the FAR 31.205 reference, and unallowable expense accounts. Excluded from pools, vouchers and the claim.	Available
At least monthly charging of costs; reconciliation to the general ledger	Month-end close: hours against payroll, labor and costs against the GL, then the month is locked. The labor journal still posts to QuickBooks.	Available
Indirect cost pools and rates	Pools, allocation bases and order; provisional, final and ceiling rates; actual rates from the ledger.	Available

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Criterion	Avistrata	Status
Billings that reconcile to cost and follow the contract	Cost-type vouchers and T&M invoices built from the ledger, as draft invoices in Billing, with billed-to-date kept.	Available
Limitation of cost and funds	Cost and fee to date against funds and ceiling, by program and CLIN, with the notice point.	Available
Incurred cost submission (FAR 52.216-7)	The year's schedules (rates, pools, direct costs by contract, claimed against billed, unallowables) as a workbook.	Available
Management review and audit trail	History on programs, a timesheet change log, a close and reopen log, and documented approvals.	Available

8. Getting started

1. **Fill in your organization's record** under Program Management → Compliance: UEI, CAGE, size status, SPRS score and date, CMMC level and the last affirmation.
2. **Set up timesheets** under Timesheets → Setup:
   - Add the standard indirect and leave codes.
   - Click **Make codes for open programs and line items**.
   - Set a default approver, plus any employee-specific approvers.
3. **For each government program,** open Compliance and record the CMMC level, the cyber clauses, the commercial determination and any exceptions. Then add the clauses from the contract and note which deviation applies to each.
4. **Set up cost accounting** under Cost accounting → Setup: fiscal year, the indirect pools, labor categories and any unallowable expense accounts. Then enter the year's provisional rates, and each person's labor cost rate in Billing → Settings → Accounting setup.
5. **Tell employees** to record hours every day and submit each week. Approvers review on the Approvals tab.
6. **Each month,** bring in the month's costs, enter payroll hours and the GL totals, work through the checklist and close the month. Make vouchers from each cost-type or T&M program's Costs tab.
7. **After the fiscal year,** enter final rates and download the incurred cost workbook from Cost accounting → Incurred cost; it is due within six months of year end.

RECOMMENDED

- Write a short timekeeping policy that matches these rules, and have each employee acknowledge it. DCAA asks for the policy, not just the tool.
- Check the class deviation index before every proposal and every contract modification, and mark the clauses as checked.
- Keep the SPRS score and annual affirmation dates current. Primes check SPRS before awarding subcontracts.

Questions about government compliance?

We'll walk your team through setup and your first month-end.

Avistrata support
703.520.5040
mrotracker.com

Sources: FY2026 National Defense Authorization Act (P.L. 119-60); Secretary of War memorandum "Transforming the Defense Acquisition System into the Warfighting Acquisition System" (Nov 7, 2025); Executive Order "Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base" (Apr 9, 2025); DPCAP DFARS Revolutionary FAR Overhaul class deviation index; DoD announcement suspending CMMC Phase 2 (Jul 13, 2026); DCAA pre-award accounting system requirements; DFARS 252.242-7006 and 234.201; FAR 52.216-7, 52.232-20 and 52.232-22. Thresholds and dates as of November 3, 2026. Regulations change: confirm against the current regulation and your contract. Screenshots show fictional sample data; names, programs and figures are invented. Not legal, accounting or tax advice. © 2026 Leesburg Aviation LLC. All rights reserved.