ALASBO Power Lunch

Time and Effort Reporting
Agenda

- Source of regulatory authority
- Time and effort requirements
- Example FNSBSD time and effort forms
Source of Regulatory Authority

- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Part 200, Subpart E – Cost Principles
  - 200.430 Compensation-personal services
When is Time and Effort Reporting Required? 200.430(i)(1) and i(4)

- Must be maintained for all employees whose salaries are:
  - Paid in whole or in part with federal funds
  - Used to meet a match/cost share requirement
  - NOT contractors
Does “X” Employee Have To Keep Time and Effort Records?

Is he an employee?
- Yes
  - Is he paid with federal funds?
    - Yes: T&E Required
    - No: No T&E Required
  - No: No T&E Required
- No
  - I don’t know: Ask HR
- I don’t know
  - Is his salary used for match?
    - No: No T&E Required
    - Yes: T&E Required

7/12/16 5
Documentation for Personnel Expenses
200.430(i)(1)

These records MUST:

- Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which employee is compensated;
- Encompass all activities (federal and non-federal);
Documentation for Personnel Expenses (cont.) (200.430(i)(1))

- Encompass all activities (federal and non-federal);
- Comply with established accounting policies and practices; and
- Support distribution among specific activities or cost objectives.
What is a Cost Objective?

- 200.28: A program, function, activity, award, organization subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc.
What is a Cost Objective (cont.)?

- 200.430(i)(1)(vii)
  - More than one federal award
  - A federal award and a non-federal award
  - An indirect cost activity and a direct cost activity
  - Two or more indirect activities that are allocated using different allocation bases
  - An unallowable activity and a direct or indirect cost activity
Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

- Produces reasonable approximations
- Significant changes in the corresponding work activity are identified in a timely manner
Use of Budget Estimates (cont.)
200.430(i)(I)(viii)

- Internal controls are in place to review after-the-fact interim charges based on budget estimates.
- Significant changes in the corresponding work activity are identified in a timely manner.
- All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
Compliance with Documentation Standards 200.430(i)(2)

- For records which meet the standards required in 200.430(i)(1) the non-federal entity will not be required to provide additional support or documentation for the work performed.
Noncompliance with Documentation Standards 200.430(i)(8)

For a non-federal entity where the records do not meet the standards described in this section [200.430(i)(1)], the Federal government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records required in this section.

- PARS not defined!
What Does Compliant Documentation Look Like?

- No examples in 2 CFR Part 200
- For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost 200.430(i)(5).
What Does Compliant Documentation Look Like (cont)?

- ED Questions and Answers Regarding 2 CFR Part 200 (updated March 2016):
  - Subpart E – Cost Principles, Question #7: What guidance does ED have for the types of documentation and internal controls that are necessary to take advantage of the new flexibilities for tracking time and effort?
What Does Compliant Documentation Look Like (cont)?

- **Subpart E – Cost Principles, Question #7:** Answer refers to pre-uniform guidance issued by ED in 2012 – *Letter to Chief School Officers*
  - Guidance is still valid
  - ED is reevaluating the 2012 guidance and is considering whether additional guidance and examples may be useful
Time and Effort Guidance by ED OCFO (Office of CFO)


- Letter to Chief State School Officers re: actions taken by ED to ease burden of time and effort reporting – issued 9/7/12
- Enclosure A and B: Time and Effort Reporting – Substitute Systems
Enclosure C: Support for Salaries and Wages of an Employee Working on a Single Cost Objective

- Recommended support: Bi-Annual Certifications and Personnel Activity Reports.
It is possible to work on a single cost objective even if an employee works on more than one Federal award or on a Federal award and a non-Federal award.

The key to determining whether it is a single cost objective is whether the employee’s salary and wages can be supported in full from each of the Federal awards on which the employee is working or from the Federal award alone if the employee’s salary is also paid with non-Federal funds.
State educational agencies (SEAs) are authorized to approve local education agencies (LEAs) to use a substitute system for time and effort reporting in accordance with guidelines in Enclosure A.

LEA must certify to SEA that only eligible employees will participate in the substitute system and that the system used to document employee work schedules includes sufficient controls to ensure that the schedules are accurate.
ED OCFO Guidance Examples of Single Cost Objectives:

Title I, Part A funds and State compensatory education funds

- An LEA supports a supplemental math teacher to serve low-achieving students with 50 percent Title I, Part A funds and 50 percent State compensatory education funds.

- Teaching math to low-achieving students is a single cost objective because it can be fully supported under Title I, Part A. Only a semiannual certification, therefore, is required even though the employee’s salary is supported by a Federal award and a non-Federal award.
ED OCFO Guidance Examples of Single Cost Objectives:

Title I, Part A funds and local funds

- An LEA supports an elementary school teacher with local funds but pays her with Title I, Part A funds to provide after-school tutoring for low-achieving students.

- Although the teacher could not be paid with Title I, Part A funds to provide elementary education, the portion of her time spent on after-school tutoring is easily separated from her teaching position by her schedule. The teacher’s after-school tutoring is a single cost objective and she need only file a semiannual certification for the time she works in the after-school program supported by Title I, Part A funds.
WHAT NOW?

- Advice from latest Brustein & Manasevit Grants Forum:
  - Seek advice from State DEED
  - Seek advice from third party auditing firm
  - Just wait......

- My Advice: If your practices and procedures complied with Circular A-87 – make no changes for now
Sample Semi-Annual Certification

- If employee is subject to semi-annual certification, send certification to direct supervisor twice a year.
- Consider using two different certifications:
  - Single Cost Objective, and...
Sample Semi-Annual Certification (cont.)

- Two different certifications (cont):
  - Single Grant
# Sample Personnel Activity Report

**Employee Name:** John Smith  
**Employee ID:** 12345  
**Grant Manager:** George Clooney  
**Pay Period End Date:** 7/10/16

## Personnel Activity Report

<table>
<thead>
<tr>
<th>General Fund Acct # and/or Grant Project</th>
<th>Mon.</th>
<th>Tues.</th>
<th>Wed.</th>
<th>Thurs.</th>
<th>Fri.</th>
<th>Sat.</th>
<th>Sun.</th>
<th>Total Hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holidays and Annual, Personal, or Sick Leave</td>
<td>8.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10.00</td>
</tr>
<tr>
<td>35010 - Title I-A Basic</td>
<td>3.00</td>
<td>4.00</td>
<td>3.00</td>
<td>3.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35600 - ESEA Consolidated Admin Pool</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>8.00</strong></td>
<td><strong>9.00</strong></td>
<td><strong>8.00</strong></td>
<td><strong>8.00</strong></td>
<td><strong>8.50</strong></td>
<td><strong>8.00</strong></td>
<td><strong>8.00</strong></td>
<td><strong>85.00</strong></td>
</tr>
</tbody>
</table>

* Charge professional and administrative leave to proper account based on purpose of leave.

I certify that this is an after-the-fact determination of my actual activity for the above pay period.

**Employee Signature:**  
**Date:** 07-15-2016

**Authorized By:** (Supervisor or Grant Manager)  
**Date:** 07-15-2016
Sample PAR Reconciliation

- All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated. 200.430(i)(1)(viii)
- The leave analysis box at the bottom allows us to allocate leave taken during the pay period to the various funding sources based on actual hours worked.
- Pay attention to the difference between actual effort and budgeted effort.
Determination of Semi-Annual Certification or PAR

- Sample of form you might use for:
  - Employees new to the District
  - Employees transferring to your grant
  - Terminating employees if no rehire.
- Helps determines if the position is subject to semi-annual certification or PAR reporting.
Time and Effort Reporting

- Questions?