



Federal Program Training of the Month: Time & Effort Refresher



What is Time & Effort?



The [2 CFR 200](#), Uniform Guidance, provides the standards on time reporting and labor charges to federal awards. Grantees are responsible for compliance with these standards.

All employees who are paid in full or in part **with federal funds** must keep specific documents to demonstrate the amount of time they spent on grant activities. ([2 C.F.R. Part 200.430](#)).

Also known as time distribution record.

2 CFR § 200.430 (a)

Compensation for Personal Services



([2 C.F.R. Part 200.430\(a\)](#)):

- Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the [period of performance](#) under the [Federal award](#), including but not necessarily limited to wages and salaries.
- Compensation for personal services may also include fringe benefits which are addressed in §200.431.

Why is Time & Effort So Important?



- Required under the Education Department's (ED's) [Cost Allocation Guide](#) (see section VI: Time Reporting Requirements).
- Emphasis that...“charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed, must be supported by a system of internal controls...”
- “Department grantees that do not adhere to these parameters in documenting personnel expenses charged to federal grants could face questioned costs in audit findings.”

2022 OMB Compliance Supplement



Auditors must adhere to the Compliance Supplement, which states that LEAs must have:

- Written policies/procedures exist outlining processes and control activities for all personnel costs coded to federal awards.
- Management establishes responsibility and accountability for control activities with management of the unit or function in which the relevant risks reside.
- Appropriate personnel perform control activities in a timely manner as defined by policies and procedures.
- Management periodically reviews control activities to determine their continued relevance and refreshes them, as necessary.

2 CFR PART 200, APPENDIX XI

COMPLIANCE SUPPLEMENT



April 2022
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

Noncompliance Consequences



Noncompliance 200.430(i)(8)

For a non-Federal entity where the records do not meet these standards, the Federal agency may require personnel activity reports (PARs), including prescribed certifications or equivalent documentation that support the records as required in this section.

Failures to propose, manage, and certify effort correctly could jeopardize the district's federal funding and lead to penalties/reversal of funding for the district (repayment of the unallowable costs).



Who Is Required to Track Time & Effort?



- All employees who are paid in full or in part with federal funds.
- This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. This includes staff paid in the LEA’s Special Education maintenance of effort calculation(MOE).
- These time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.



The LEA must have written policies and procedures that, at a minimum, address the following:

- What type of documentation is maintained
- The requirements of the documentation

2CFR200.430(i)(1)

Six Standards of Documentation



2CFR200.430(i)(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

1. Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
4. Encompass both federally-assisted and all other activities compensated by the LEA on an integrated basis;
5. Comply with the established accounting policies and practices of the LEA and
6. Support the distribution of the employee's salary or wages among specific activities or costs objectives.

Electronic Submissions/Approvals



Types of Electronic Submissions Include:

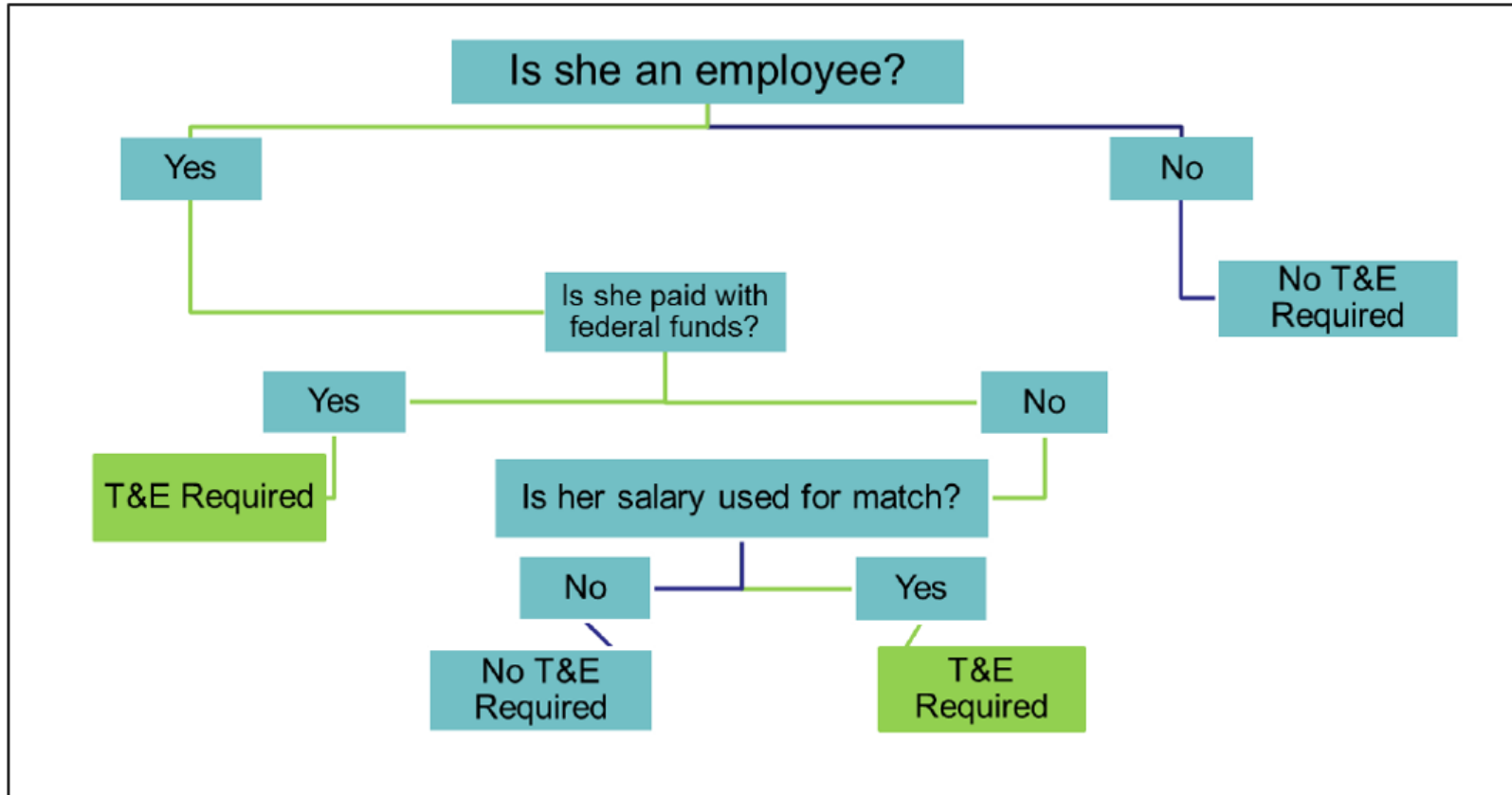
- Online or electronic form submission where employee logs in and completes their time using a “check the box” system
- Email submissions from employee
- Electronic timesheets

***MUST have internal controls in place (passwords, records, etc.)

Is Time & Effort Required?



IS MY EMPLOYEE REQUIRED TO PARTICIPATE IN TIME AND EFFORT?



Reconciliation & Closeout



Reconciliation 200.430(i)(1)(viii)(C)

- It is critical for payroll charges to match ***the actual distribution of time recorded*** on the monthly certification documents.
- Grantees may initially charge payroll costs based on budget estimates. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

Reconciling Budget vs. Actual



- If using budget estimates, the LEA will periodically, at least quarterly, reconcile payroll charges to the actual time and effort reflected in the employees' time-and-effort records.
- If the difference between the actual and budgeted amounts is 10% or greater:
 - The LEA will adjust its accounting records at least quarterly
- If the reconciled difference is less than 10%:
 - The LEA will adjust the accounting records at least annually
- All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
- Can not overspend the federal grant. No negative fund balances.



Employee Exits

- For an employee that is separating his or her services with the LEA. The employee will complete the required paperwork and submit his or her final certification or time-and-effort report to the Human Resources Department.
- The HR department will verify the final paperwork as complete and notify the Business Office of completion prior to the issuance of the final paycheck.

What are the types of Time & Effort?



All charges to payroll for personnel who work on one or more federal programs or cost objectives are based on one of the following, depending on the circumstances:

- **Semi-annual certification:** (single cost objective 100%)
- **Personal Activity Reports (PARs):** (multiple cost objectives)
- **Substitute system:** (multiple cost objectives with a predetermined, set schedule.)

Common Reporting Errors



- Failing to recognize that a change in position, duties, or funding may result in a change in time and effort reporting. Often this is due to a lack of coordination/communication between fiscal, federal program, and school building offices within the district.
- Failing to provide training to staff that are responsible for completing, approving, and/or reconciling time and effort documentation.
- Reporting time according to the ratios budgeted without regard to how the individual actually worked.
- Entire days' schedule not accounted for (only federal program time reported).
- Journal vouchers transferring payroll expenditures to federal programs (from state/local sources), with no supporting time and effort documentation.
- Lack of appropriate time and effort records for employee(s) with supplemental contracts/stipends and extra hours.

Common Questions



- Q: Are electronic signatures acceptable for time and effort reporting? A: Electronic signatures are permitted so long as adequate security is in place to ensure their validity.
- Q: Is time and effort required for vendors or contractors who are paid with federal funds? A: No. Time and effort requirements apply only to **employees**.
- Is time and effort required for stipends, supplemental contracts, and or/extra hours charged to federal awards? A: Yes. A signed supplemental contract that stipulates a specific single cost objective duty/assignment may be used as time and effort documentation. Multiple cost objective supplemental contracts/stipends must be supported by time and effort reports documenting actual time spent on each objective



Questions Continued



- Q: At the close of the year, is there an allowable percentage by which actual payroll charges for the year may vary from reported time and effort? A: Payroll expenditures must be adjusted to match time and effort 100 percent. **No variance is allowed.**
- When are adjustments to actual made? A: If payroll expenditures are initially based on budgeted or estimated time/amounts supporting one or more cost objectives, then payroll and time and effort reports must be compared at least quarterly to ensure that federal awards are charged only for work directly supporting them.

Links to Time & Effort Documents



- [LEA Policies and Procedures Template with T&E inside](#)
- [Who Must Participate in Time and Effort?](#)
- [Written Time and Effort Procedures Example](#)
- [Time and Effort Single Cost Objective sample form](#)
- [Time and Effort Fixed Time Distribution sample form](#)
- [Time and Effort Personnel Activity Report \(PAR\)](#)





Other Time & Effort Specifics at the SDE - CFSGA

Sarah Seamount, Migrant Education Program Coordinator
Federal Programs



The Support Document in the CFSGA



- The Support Document example is a template that can be used to track employee salaries paid out of federal funds by percentage and dollar amount.
- In the CFSGA, go to the Supporting Documents tab in any program that requires it.
- Click on the work Example

— FTE File

Upload an Excel file of FTE counts for your Title I-C program. Include school, job title, # of people, and # of FTEs. **Example**

What is the Support Document Used For?



- The spreadsheet is set up to calculate the dollar amount for each program based on the Percentage and Total Salary.
- It will also calculate the total percentage to ensure that each person's salary by program adds up to 100%.
- Totals for each program are calculated in the last row of the spreadsheet.
- Do NOT enter the salary by program; those will calculate automatically.

What Does it Calculate?



- The spreadsheet is only for salaries; benefits should NOT be included in the total salary.
- Additional rows may be added if needed.
- The column "Other" may be used for general funds, ESSER, IDEA or other funds.

Filling out the Support Document



For each person paid out of federal funds, enter only the following:

- Building Assignment
- Staff name (optional)
- Staff position
- FTE
- Percentage of salary for each program
- Total Salary

Example of the Support Document



District Name:		Wonderful School District #777		Title I-A (251)		Title I-C (253)		Title II-A (271)		Title III-A (270)		Title IV-A (261)		Title V-B (262)		Other		Total %	Total Salary \$
Building Name	Staff Name	Position	FTE	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$		
Happiness	Myra Guerrero	Migrant Family Liaison	1.00	10%	\$ 1,530.00	80%	\$12,240.00		\$ -	10%	\$ 1,530.00		\$ -		\$ -		\$ -	100%	\$ 15,300.00
Learning MS	Julie West	Title I-A Aide	0.87	100%	\$18,200.00		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	100%	\$ 18,200.00
Opportunity HS	Arlo Jimenez	Migrant Liaison/MV Liaison	0.87	30%	\$ 6,454.50	60%	\$12,909.00		\$ -		\$ -		\$ -		\$ -	10%	\$ 2,151.50	100%	\$ 21,515.00
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Totals by program					\$26,184.50		\$25,149.00		\$ -		\$ 1,530.00		\$ -		\$ -		\$ 2,151.50		\$ 55,015.00

- Items in yellow need to be filled out by the district.
- Items circled in blue will calculate on their own.

LEA Outcomes Are Connected to Finance



Questions to Reflect Upon:

- What is your LEA Mission?
- What are your LEA Strategic Plan and Goals?
- Can you tie investments and activities from the prior year to the current year as part of continued actions and outcomes? (be prepared to give status on those overlapping programs and projects)
- How can you leverage resources to demonstrate how current priorities can be met in a meaningful presentation to all stakeholders?

