

# Federal Time and Effort Reporting Requirements

Federal Funding Conference  
March 2020



## What is Time and Effort?

**Charges to Federal Awards for salaries and wages must be based on records that accurately reflect the work performed.**

2 CFR 200.430(i)



# Why Talk about Time and Effort?

Time and Effort is consistently among the  
TOP audit findings every year!



# Who needs to keep Time and Effort?

- **Time and effort must be collected for all employees (not contractors) whose salaries are:**
  - Paid in whole or in part with federal funds.
  - Used to meet a federal match/cost share requirement – even if the match is NOT paid with federal funds.
- **Any employee funded by federal grants must maintain documentation showing that their time is allocable to a federal program.**
- **Documentation must be based on records that accurately reflect the work performed.**



# Minimum Standards for Documentation

## Time and effort records **MUST:**

1. Be supported by a system of internal controls which provides reasonable assurance that charges are accurate, allowable and allocable (**WRITTEN PROCEDURES!**);
2. Be incorporated into official records;
3. Reasonably reflect total activity for which the employee is compensated;
4. Encompass all activities (federal and non-federal);
5. Comply with established accounting policies and practices; and
6. Support distribution among specific activities or cost objectives.

2 CFR 200.430(i)

## BREAK IT DOWN



# Minimum Standards for Documentation

1. Supported by a System of Internal Controls
  - **Must have and follow Written Procedures!**
  - LEA develops their own procedures (not dictated by the Uniform Grant Guidance).
  - LEA must use the same procedures for all federal grants, as the procedures must be incorporated into the official documents.

# Minimum Standards for Documentation

## Personnel Activity Reports (PARs) & Semiannual Certifications

- If the LEA's current written procedures includes PARS and Semiannual Certifications, then they must be used.
- However, PARs and Semiannual Certifications are no longer required under the Time and Effort rules that took effect in 2015.



# Minimum Standards for Documentation

## 2. Incorporated into Official Records

- No federal standard.
- However the LEA maintains documentation, time distribution records **MUST** conform.
- **Written Procedures** – Keep a procedural document on how to complete and maintain official records on time and effort.

# Minimum Standards for Documentation

## 3. Reasonably Reflect Total Activity

- Keep straight-forward records. Don't get creative!
- Track what was actually done, **NOT** what should have been done.

# Minimum Standards for Documentation

- The subrecipient's system of internal controls must include processes to review after-the-fact interim charges made to a Federal award based on budget estimates.
- All necessary adjustments must be made such that the final amount charged to the federal award is **ACCURATE, ALLOWABLE, and PROPERLY ALLOCATED.**



# Minimum Standards for Documentation

- Documentation records should be adjusted in a timely manner if there are significant changes in the employee's work activity.
- Short-term (such as one or two months) fluctuation between workload categories need not be addressed as long as the distribution of salaries is reasonable over the longer term.



# Minimum Standards for Documentation

## 4. Encompass All Activities

- Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.
- Must record 100% of effort
  - regardless of federal vs. non-federal
  - even if only partially funded by a federal grant

# Minimum Standards for Documentation

## 5. Comply with Established Policies/Procedures

- LEAs **MUST** follow established accounting policies in accordance with the Uniform Grant Guidance



# Minimum Standards for Documentation

## 6. Support distribution among specific activities or cost-objectives

- Cost objectives are dependent on the objectives of the federal funding source.
- Cost objectives are based on how a person works, not how they are funded.

## Single Cost Objective

- If 100% of the position could be charged to the federal grant program then the position is a single cost objective. *(This is not based on the amount of funding actually available. Could the position be 100% funded if enough funds were available?)*
- Time and Effort documentation is still required.



# Multiple Cost Objectives

If only a portion of the position meets the requirements of the grant's cost objective, then the position is considered to have multiple cost objectives.

For a position with multiple cost objectives under a grant program:

- Be able to demonstrate that the amount of time charged to the grant is the amount of actual time the position worked on the grant's objectives.
- Supporting documentation must be such that an individual reviewing it could be reasonably assured that the costs were accurate and properly allocated.



# Technical Assistance

## Time and Effort Reporting

<http://bit.ly/time-and-effort>



Thank you!

