

Federal Time and Effort Reporting Requirements

Federal Funding Conference

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What is Time and Effort?

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



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.

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!

