



POLICY AND PROCEDURE NOTICE: PPPN-018 TIME AND EFFORT REPORTING SYSTEM

Summary and Purpose of PPN: To guide the administration of the Ryan White Part A Program to provide a standard for ensuring proper reporting of time and effort.

Authority:

- 45 CFR 75
- 45 CFR 75 Appendix IX (I) (2) (g) (2-6)
- 2 CFR 200 *Uniform Guidance*
- 2 CFR 200.430(i)
- Budget and Accounting Act of 1921, as amended
- Budget and Accounting Procedures Act of 1950, as amended
- Chief Financial Officers Act of 1990
- Reorganization Plan No. 2 of 1970
- Executive Order No. 11541 ("Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President")

Background

Officials from the Office of Management and Budget (OMB) have said that non-Federal entities with strong internal controls do not need to provide personnel activity reports; however, 2 CFR 200.430(i) still requires non-Federal entities to maintain records that "accurately reflect the work performed." These records must:

- Be supported by a system of internal control which provides reasonable assurance that the time being charged is accurate, allowable, and properly allocated
- Are incorporated in the official records, such as payroll records
- Reasonably reflect the employee's total activity
- Provide a time or percentage breakdown on all activities, both Federally funded and non-Federally funded, for the employee
- Comply with the non-Federal entity's pre-established accounting practices and procedures

As stated at 2 CFR 200.430(i)(8), non-Federal entities that cannot meet the aforementioned conditions may be required to submit personnel activity reports.

Policy and Procedures:

1. Subrecipients must comply with 2 CFR §200.430.
2. In compliance with 2 CFR §200.430(i), documentation of personnel costs must:
 - A. Be supported by a system of internal controls which provides reasonable assurance that charges are accurate, allowable, and properly allocated.
 - B. Be incorporated into the official records of the institution.
 - C. Reflect the total activity for which the employee is compensated by the institution, not exceeding 100% of compensated activities.
 - D. Encompass both federally assisted and all other activities compensated by the institution on an integrated basis.
 - E. Comply with the established accounting policies and practices of the institution.
3. Internal control requirements outlined in §200.303 of the Uniform Guidance state that acceptable systems of control must comply with the “Standards for Internal Control in the Federal Government” (Comptroller General of the United States) and the “Internal Control Integrated Framework” (Committee of Sponsoring Organizations of the Treadway Commission – a.k.a. COSO).
4. “Time and Effort Reporting” framework offers agencies a mechanism to document an employee’s work time and allocation to specific funding sources. It is the basis for agency payroll and billing to appropriate funding sources for personnel expenditures. This framework is most often implemented using employee timesheets that, once approved, are used for preparing the agency’s payroll. If day sheets are being used to track daily activities for billing purposes (e.g. Part A or MAI), these day sheets should be part of the time and effort reporting system. The Time and Effort framework must be documented in the agency’s policies and procedures.
5. The *Uniform Guidance* requires that time distribution records must be maintained for all employees whose salary is paid in whole or in part with federal funds or is used to meet a match or cost-share requirement for a grant.
 - A. Payroll allocations among grant awards cannot be based on budgeted distributions alone. Charges must be distributed, or split out, as actually worked - not as budgeted.
 - i. Charges for awards for salaries, whether treated as direct or indirect costs, will be based on documented payrolls approved by a responsible official within the organization.

- ii. Documentation must reflect “actual” time spent by employees on awards being charged.
6. When an individual’s salary or wage is not readily assignable to a specific cost objective, or a specific grant, then their salary is captured in an approved indirect cost rate or cost allocation plan.
 7. All employees charged to federal grants must maintain time and effort documentation. Time and Effort reports must be maintained to verify that:
 - Work was actually performed on the project.
 - The level of effort matches what was committed in the proposal.
 - Employees were not overcommitted.
 - Salary charges were appropriate.
 - Cost sharing components were met as agreed.
 - The terms and conditions of award were fulfilled.
 - A. Effort is the total time spent conducting the business of the organization regardless of “normal” work schedules, i.e. 8:00-5:00.
 - B. Certification must incorporate activity on all grant projects and all organizational activity stated as a percentage.
 - Reports are based on 100% effort, not hours, weeks or other method.
 - Whether an individual works 20 or 60 hours a week, the total effort reported for that individual is 100%.
 8. If budgeted numbers are used to allocate salaries and wages among grant programs, the entity’s system of internal controls should include an after-the-fact review of the grant programs. If actual time worked differs from the budgeted allocations, adjustments should be made such that the final amount charged to each grant is accurate, allowable, and appropriately allocated.
 9. Another requirement of the Uniform Guidance as it relates to time and effort reporting is that all employee time worked for the organization should be included in order to calculate what portion relates to federal awards. Nonexempt employees must prepare records indicating the total number of hours worked each day.
 10. Each entity also needs to consider internal controls over the existence of employees and the reasonableness of compensation. For employees whose salary is paid by federal awards, it is considered reasonable if it is consistent with compensation for similar work in other areas of the entity.

11. Administrative or clerical services directly charged must be integral to a project vs. necessary to overall operation of the organization and assignable in part to sponsored projects. E.g., salary for an administrative assistant completing financial reconciliations should not be divided and charged directly to all awards, as they are necessary to the overall execution of the project and cannot be considered integral to the project's goals and objectives.

The following four conditions MUST be met for direct charging administrative and clerical salaries:

- Administrative or clerical services are integral to a project or activity.
- Individuals involved can be specifically identified with the project or activity.
- Administrative and clerical salaries are "explicitly included in the budget" before charged as a direct cost OR have the prior written approval of the awarding agency before charging.
- The costs are not recovered as indirect costs.

12. An individual who has a "single cost objective" has a position that is dedicated to a singular purpose. Employees generally have other administrative responsibilities. When charged 100% to a grant, the grantor's expectation is that the employee spends no time on non-grant activities. Be certain that the employee is not performing any other duties, or do not charge them at 100%. When an individual's time and effort are allocated 100% to one grant, individual timesheets showing daily time recording are not required. An employee with a single cost objective would complete semi-annual certifications.

- A. A semi-annual certification is a sign-off twice a year by the employee or a supervisor with first-hand knowledge of the employee's work.
 - There is no required form or format, except a semiannual certification should include: Employer's Name, Employee's Name, Federal Program, Reporting Period, Employee's Position, the Single Cost Objective, and must be signed by employee and dated.

13. Multiple Activities occur when an individual works on more than one cost objective or grant, or when an individual is engaged part-time in indirect cost activities and part-time in direct cost activities. When an individual's time and effort are for multiple activities, a personnel activity report or equivalent documentation must be completed by the employee.

The personnel activity report must be:

- Submitted at least monthly;
- Coincide with one or more regular pay periods;
- Account for 100% after-the-fact time distribution;

- No required form or format, but should identify: employer's name, employee's name & position, federal program and CFDA#, reporting period, 100% of work activities, and must be signed by employee & supervisor.

14. Subrecipients shall maintain job descriptions and time and effort reports sufficient to document that the activities defined in legislation and guidance as administrative are charged to administration of the program and cost no more than 10% of Contract award amount.

Verification

- Policies related to time and effort submitted to the Grants Administration Division (GAD) for annual site visit.
- Review of written policies related to time and effort
- Review of internal controls.
- Review of time distribution records.
- Review of certifications.
- Review of job descriptions and time and effort reports sufficient to document that the activities defined in legislation and guidance as administrative are charged to administration of the program and cost no more than 10% of Contract award amount.
- Review administrative or clerical service charges against the grant to ensure they are integral to the project.

Approved: October 2016

Last Reviewed: March 2021