

New: 1/24/2010	ARIZONA DEPARTMENT OF EDUCATION  <b>GUIDELINES &amp; PROCEDURES</b>	NO. EX-56
SUPERSEDES: N/A		SHEET 1 of 2
<b>SUBJECT:</b>  AUDIT – TIME AND EFFORT		FILING INSTRUCTIONS (Guidelines & Procedures Manual) Section: EXTERNAL As item: EX-56

### I. PURPOSE

The purpose of this guideline is to establish guidelines and procedures for school districts and charter schools governing the reporting of Time and Effort for employees who are paid from federal sources.

### II. GUIDELINE

- A. Time and effort reporting is required under the Federal Office of Management and Budget’s Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments Attachment B, Selective Items of Cost, Item 8, Compensation for Personnel Services* (<http://www.whitehouse.gov/omb/circulars/a087/toc.html> - OMB A-87).
- B. Time and effort reporting is required under the Federal Office of Management and Budget’s Circular A-122, *Cost Principles for Non-Profit Organizations Attachment B, Selected Items of Cost, Item 8, Compensation for Personnel Services, Subpart M, Support of salaries and wages* (<http://www.whitehouse.gov/omb/circulars/a122/a122.html> - OMB A-122).
- C. This guideline applies to: State, Local and Indian Tribal Governments; Non-Profit Organizations, Charter Schools.

### III. PROCEDURE

#### A. **OMB A-87 Cost Principles for State, Local and Indian Tribal Governments**

1. Time and effort reporting for employees who are paid 100% from a single program (single cost objective)
  - a. An employee whose salary is paid in whole from one federal source must certify, on a semi-annual basis, that they “worked solely on that program (single cost objective) for the period covered by the certification (e.g. Jan. 1- Jun. 30 and Jul. 1- Dec. 30).
  - b. The certification must be signed by the employee and may be signed by a knowledgeable supervisor.
2. Time and effort reporting for employees who work effort is split between more than one federal program or multiple cost objectives:
  - a. An employee who works on more than one federal program, or on a combination of a federal programs and a non-federal program, must maintain time and effort log that accurately reflects the percentage of time/hour the employee spends performing the federal work activity any other duties.
  - b. Report must reflect and “After-the-Fact” distribution of actual activities performed.

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- c. Account for total activity for which employee is compensated.
- d. Must be completed at least monthly (e.g. Jan. 1- Jan. 30).
- e. Be signed by the employee and may be signed by a knowledgeable supervisor.

**If a State, Local or Tribal government fail to maintain original Time and Effort records of its employees, the Arizona Department of Education, as the awarding agency, will deny and/or disallow a minimum of 10% or up to and including the entire award of the payroll and/or fringe benefits portion of the grant in accordance with Code of Federal Regulations Title 34 § 80.43 (a)(2).**

**B. OMB A-122 Cost Principles for Non-Profit Organizations; Charter Schools**

1. All charges to awards for salaries and wages and must be supported by personnel activity reports (PAR)/Time and Effort log regardless of percentage of effort.
  - a. An employee, who works on one federal program, or on a combination of a federal program and a non-federal program, must maintain a time and effort log that accurately reflects the percentage of time/hours the employee spends performing the federal work activity and any other duties.
  - b. Report must reflect and “After-the-Fact” distribution of actual activities performed.
  - c. Account for Total activity for which employee is compensated.
  - d. Must be completed at least monthly (e.g. Jan. 1-Jan. 30).
  - e. Be signed by the employee and may be signed by a knowledgeable supervisor
  - f. These reports must be reviewed periodically to determine if the actual time conforms to the budgeted time. Any variances must be reflected by adjustments to the accounting records.

**If a Non-Profit Organization fails to maintain original Time and Effort records of its employees, the Arizona Department of Education as the awarding agency will deny and/or disallow a minimum of 10% or up to and including the entire award of the payroll and/or fringe benefits portion of the grant in accordance with Code of Federal Regulations Title 34 § 80.43 (a)(2).**

\*If you have any questions or comments concerning the interpretation or clarification of these guidance statements, please contact the Office of Legislative Guidelines (602)542-0384.