

# Federal Programs Time and Effort Reporting

## Why Does Time & Effort Continue To Be An Audit Problem?

- Large % of Federal Education Funds Used for Staffing
- Staff Turnover
- Decentralized responsibilities
- Communication
- Complexity of applying requirements to variety of situations
- People don't like it

## Where Are the Requirements?

- 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, Selected Items of Cost, Item 8, Compensation for Personnel Services*
- OMB Circular A-122, *Cost Principals for Non-Profit Organizations; Attachment B, [http://www.whitehouse.gov/omb/rewrite/circulars/a122/a122\\_2004.html#b8](http://www.whitehouse.gov/omb/rewrite/circulars/a122/a122_2004.html#b8)*

## When Is Time and Effort Required?

- Time and Effort reporting is required when any part of an individual's salary is:
  - Charged to a federal program
  - Used as match for a federal program

## What Type of Reporting is Needed? OMB A-87

- Single cost objective → Semi annual certification
- Multiple cost objectives → Monthly Personal Activity Reports (PARs) (Time and Effort Monthly Log)

## OMB A-122

- Monthly Personal Activity Reports (PARs) (Time and Effort Monthly Log)

## What Is a "Cost Objective"?

- A particular set of work activities for which cost data is accumulated
- For purposes of T & E reporting: Define cost objectives according to the set of work activities allowable under the terms and conditions of each funding source

## What Are Some Typical Examples of Single Cost Objectives?

- The set of work activities allowable under:
  - A single federal program (no set-asides/reserves)
  - Federal Special Education & State Special Education
  - A schoolwide program
  - A required set-aside/reserve in a federal program
  - A federal program & its state/local match

## What Are Some Typical Examples of Multiple Cost Objectives?

- The work activities of:
  - A federally-funded program & a state- & /or locally-funded program
  - A schoolwide program and a program not included in the schoolwide program

## What Is a Semi Annual Certification? (Not Applicable to Non-Profit Organizations)

- Signed document stating individual(s) worked solely on activities related to single cost objective
- Completed at least every six months
- Signed by employee and supervisor with first-hand knowledge of work performed

## What Is a Monthly Personal Activity Report (PAR)?

- Accounts for total time/activity
- Prepared and signed at least monthly
- Signed by employees and supervisor with first-hand knowledge of work performed
- Reflects actual work performed (not budgeted)
- Consistent with supporting documentation
- All Non-Profit Organizations that follow OMB A-122 must complete Time and Effort certifications on a monthly basis

(over)

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<p><b>What Type of Supporting Documentation Is Needed?</b></p> <ul style="list-style-type: none"> <li>• Examples include, but are not limited to:             <ul style="list-style-type: none"> <li>○ Class schedules</li> <li>○ Number of students</li> <li>○ Number of minutes</li> </ul> </li> </ul>	
<p><b>When Is A “Reconciliation” Required?</b></p> <ul style="list-style-type: none"> <li>• IF Payroll is processed based on budgeted or estimated time and activities, <b>THEN:</b> Payroll records must be compared to time and effort reports at least quarterly.</li> </ul>	
<p><b>When Is An Accounting Adjustment required?</b></p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><i>If the difference is 10% or more:</i></p> <p>Payroll charges must be adjusted at the time of the comparison. <b>AND</b> the following quarter’s estimates must be adjusted to more closely reflect actual activity.</p> </div> <div style="width: 45%;"> <p><i>If the difference is less than 10%:</i></p> <p>No action is required until the end of the year. <b>BUT</b> at year-end the 10% threshold does not apply—in the final quarter, payroll charges for the year must be adjusted to reflect actual time spent, as supported by time and effort reports.</p> </div> </div>	
<p><b>Who Should Sign the Reports?</b></p> <ul style="list-style-type: none"> <li>• <b>Monthly reports</b> (PARs) must be signed by the employee and supervisor having first-hand knowledge of work performed.</li> <li>• <b>Semi annual certifications</b> must be signed by employee and supervisor having first-hand knowledge of work performed.</li> </ul>	
<p><b>Schoolwide Programs</b></p> <ul style="list-style-type: none"> <li>• A schoolwide plan <b>must</b> specify programs to be included</li> <li>• A schoolwide program is a single cost objective             <ul style="list-style-type: none"> <li>○ If employee works 100% on programs combined → Group or Individual <i>Semi annual certification</i></li> <li>○ If employee works partially on program combined and partly on those not combined → <i>Monthly time report (PAR)</i></li> </ul> </li> </ul>	
<p><b>Supplemental Contracts, Stipends, Extra Hours</b></p> <ul style="list-style-type: none"> <li>• Primary contract and additional contracts may be considered separately</li> <li>• Time and effort may be required for primary contract but not supplemental (or vice versa)</li> </ul>	
<p><b>Other Requirements for Charging Compensation to Federal Programs</b></p> <ul style="list-style-type: none"> <li>• Reasonable and necessary</li> <li>• Compensation consistent with nonfederal activities of the district</li> <li>• Leave buy-out at termination is an indirect charge</li> <li>• Supplement, not supplant, applies to many programs</li> </ul>	
<p><b>TIPS . . . Train and Re-Train</b></p> <ul style="list-style-type: none"> <li>• Annual training in LEA</li> <li>• Explain the “why”</li> </ul> <p><b>Assign Central Responsibility</b></p> <ul style="list-style-type: none"> <li>• Ensure all reports are completed</li> </ul>	<p><b>Communicate</b></p> <ul style="list-style-type: none"> <li>• Who needs to communicate <b>what</b> changes</li> <li>• Ask For Help If Needed</li> </ul>
<p><a href="http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html#8">http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html#8</a> – OMB A-87</p> <p><a href="http://www.whitehouse.gov/omb/rewrite/circulars/a122/a122_2004.html#b8">http://www.whitehouse.gov/omb/rewrite/circulars/a122/a122_2004.html#b8</a> – OMB A-122</p>	