



United States
Department of
Agriculture

National Institute
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FACT SHEET

GRANTEE TIME AND EFFORT REPORTING

Uniform Guidance: Standards for Personnel Services Compensation

Commonly referred to as Time and Effort reporting, compensation documentation is a tool used to validate the allowability of payroll expenditures charged to federal grants. As recipients of federal funds, NIFA grantees must follow Uniform Guidance (UG) standards related to personnel service compensation (2 CFR 200.430). This Fact Sheet focuses on ways to comply with the standard, including methods to effectively document internal processes and controls. It also provides information related to using budget estimates in interim reports and “budget to actual” reconciliations prior to final reporting. The UG requires all costs to be reasonable, necessary, and allocable. During a review of payroll costs, NIFA confirms an expenditure is necessary and reasonable and can be properly allocated to an award. For this reason, personnel compensation documentation is most effective when it supports the allocability of the charges. Staff dedicating 100% of their effort to a grant are easily validated. Validating allocability for staff members with split appointments or support service personnel (such as University-level financial staff or Human Resource professionals) is more complex. In these instances, NIFA looks to the institution’s internal processes and controls for measuring and tracking effort to validate the compensation charged to our grants reasonably aligns with level of individual staff effort that benefitted the grant.

Monitoring Review Standards for Documentation of Personnel Expenses

The UG requires a grantee’s records ensure that the institution’s system of internal controls is adequate to:

1. Document that matching funds follow the same policies and procedures as federal funds.
2. Provide reasonable assurance that payroll costs are properly allocated and accurately charged.
3. Determine whether there is documentation to support the distribution of an employee's salary among different funding sources, federal awards, or other activities.
4. Provide budget estimates that are reasonable approximations of activity performed.
5. Support the review of interim charges prior to final reporting and make needed adjustments.

Common Monitoring Findings

These corrective action recommendations are due to findings, including inability to:

- assess the accuracy of payroll charges for split-appointment or support service staff,
- identify mechanisms that enable employees/approvers to report/correct deviations from pre-determined effort allocations to ensure grant charges reflect actual effort rather than budgeted estimates, and
- to find sufficient internal controls that reasonably assure the amounts charged to federal awards are accurate, allowable, and properly allocated.

Common Corrective Action Recommendations

- Develop internal policies and controls for measuring, documenting, and reporting the percentage of effort charged to federal awards.
- Provide mechanisms for staff/reviewers to make timely corrections to allocation estimates when effort levels or assignments change.
- Provide reviewers appropriate information and accountability to assess and approve effort reporting/effort allocations in an appropriate timeframe.
- Develop internal policies/controls for the review and adjustment of budget estimations to actual effort prior to financial reporting.
- Disseminate policies and procedures to staff and reviewers through training, employee manuals, or other effective means.



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Tips for Documenting Internal Processes and Controls

A robust internal control (IC) policy for time and effort reporting can effectively reduce the amount of supporting documentation requested during a compliance review. To provide reasonable assurance that payroll charges are accurate when effort is allocated across multiple duties/awards, IC policy should include a consistent method for measuring, tracking, reviewing, and adjusting staff effort to accurately charge the appropriate funding sources that benefitted from the effort.

- Measurement methods should be consistent across staff classifications.
- Tracking methods should be verifiable to allow for secondary review and approval.
- Review methods should assign responsibility for review and approval of measurement and tracking mechanisms to an accountable party for ensuring funding sources are accurately charged.
- Written policies and procedures reviewing and adjusting budget estimations should ensure the reported final amount charged to the Federal award is accurate, allowable, and properly allocated.

Interim Budget Estimates

Effort estimates that are determined prior to services being performed do not qualify as sufficiently supporting the final charges to Federal awards. Estimates may be used for interim accounting purposes provided that:

- Estimates produce reasonable approximations of activity that will be performed.
- Significant changes in effort are identified and adjusted timely.
- The internal control process includes a review of pre-effort estimates and appropriate adjustments are made for actual effort/performance prior to the final charge to federal accounts.

NIFA Contact:

Please email policy@usda.gov for [additional information.](#)

This Fact Sheet is intended as an informational resource to assist NIFA funding recipients and does not convey requirements different than 2 CFR 200.