



Uniform Guidance Requirements: Time and Effort Reporting documentation

2 CFR 200.430(i) Compensation – Personal Services, Standards for Documentation of Personnel Services.

Documentation

Payroll systems must be based on records that accurately reflect the work performed and supported by a system of internal controls that provides reasonable assurances that charges are accurate; allowable and reasonable; and properly allocated.

The Uniform Guidance states that payroll distribution records must:

- Be incorporated into the official records
- Reasonably reflect the employee's total activity
 - They cannot include time that an employee is not compensated for and cannot be compensated above 100%
- Encompass both Federally assisted and all other activities compensated on an integrated basis
- Comply with accounting policies and practices
- Support the distribution of salary or wages among specific activities or cost objectives if an employee works on more than one award or activity.

If systems do not meet the above standards, the Federal government may require personnel activity reports or equivalent if records do not meet these standards

Matching Funds

Time and Effort reporting documentation requirements also apply to salaries counted as match under the grant. Remember – to be allowable as match, a cost must be allowable as a grant charge. All requirements that apply to your grant funds also apply to matching funds.

Split Appointments

In cases of split appointments, where part of a salary is charged to a NIFA grant and part to another funding source, documentation must be maintained regarding the allocation of the salary. A reasonable method of tracking time and effort can be employed. Estimates may be used, however reconciliation to actual time worked and charged (planned vs actual) must occur on a regular basis (see below, Budget Estimates). Time worked, level of effort, and dollars charged are not independent of each other; they are linked and methodologies for tracking, reporting, and the internal controls that are in place, need to be part of the documentation associated with personnel charges to your NIFA grant.

Use of Budget Estimates

The Uniform Guidance allows for use of budget estimates on an interim basis. Budget estimates alone do not qualify as support for charges to awards, but they may be used for interim accounting purposes, provided that:

- Budget estimates produce reasonable approximations of the activity actually performed.
- Significant changes in the corresponding work activity are identified and entered into the payroll distribution system in a timely manner.

- The internal control system has processes to review the interim charges after the fact and make any needed adjustments.

When using budget estimates on an interim basis, grantees must reconcile estimates against actual time or effort on a regular basis to ensure that estimates conform to actual staff activity. Grantees must make adjustments in the payroll distribution to align with actual time. A “regular basis” may be based on frequency of payroll (bi-weekly, monthly); frequency of supervisor review and approval of time; or any other method that is reasonable and consistent with the Uniform Guidance and the institution’s internal policies and procedures.

Time and Effort Reporting FAQ

1. If an Educational Institution uses “level of effort” reporting, consistent with our Institution policies and procedures, as opposed to formal time sheets, is that sufficient to meet documentation standards? Note: Our Single Audit auditors are accepting level of effort reporting systems as sufficient

Answer: The UG states compensation **must** be based on actual hours worked, therefore in an audit or monitoring review, we will be asking for documentation that supports the T&E recorded into your Institution’s accounting/T&E reporting systems. Documentation must be in a format that sufficiently provides reasonable assurance that charges to federal grants/programs are accurate, allowable and **properly allocated**. The burden of proof lies with the grantee. NIFA recommends that grantees review the existing policies, and determine whether they adequately ensure grants are properly charged, especially with split appointments.

2. Does the new Uniform Guidance requirements mean that I have to change my time and effort reporting system?

Answer: The Uniform Guidance does not require any grantee to change their current system for time and effort reporting, meaning, if your current system met the old Cost Principles standards, there is no requirement to change it. The UG’s greatest impact relates to your Institution’s system of internal controls over the payroll costs that are charged against NIFA awards. The Uniform Guidance Section 200.430 states: “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.” NIFA knows that each grantee’s system is unique; therefore, what may be adequate for one institution, may not be adequate at another, depending on each institution’s system of internal controls. . In an audit/review situation, NIFA requests documentation to support payroll costs. The supporting documents are assessed in conjunction with your system of internal controls (such as a regular review/certification process), to determine whether we can reasonably conclude the charges are accurate, allowable, and properly allocated. Grantees have the flexibility to design internal controls for payroll distribution in a manner that is consistent with how their organization is structured, their use of technology, and other considerations, as long as the end result is achieved: ensuring payroll charges are accurate, allowable, and properly allocated.

3. Are estimates sufficient?

Answer: The Uniform Guidance allows for their use on an interim basis. Budget estimates alone do not qualify as support for charges to awards, but they may be used for interim accounting purposes, provided that:

- Budget estimates produce reasonable approximations of the activity actually performed.
- Significant changes in the corresponding work activity are identified and entered into the payroll distribution system in a timely manner.
- The internal control system has processes to review the interim charges after the fact and make any needed adjustments

When using budget estimates on an interim basis, grantees must regularly reconcile estimates to ensure that they conform to actual staff activity. Grantees must make adjustments in the payroll distribution to align with actual time usage. Note that the frequency of reconciliation may be bi-weekly, monthly, or even quarterly, so long as it is a part of an adequate internal control system at the institution. NIFA does not envision a situation where reconciliation less frequently than quarterly would be sufficient under the internal controls standards in the Uniform Guidance. While one institution may have a quarterly reconciliation as part of the internal control process and it is found allowable, another institution with a quarterly reconciliation may be cited because their internal control system is not found adequate. Therefore, each situation is unique and will be reviewed on an individual basis.

4. What is sufficient documentation for a split appointment?

A split appointment is where an individual is performing work in support of the grant but also for other non-grant related projects. For example, an individual may be a split appointment where they teach classes for the institution, work on a NIFA research capacity award, and work on a grant award where they were the recipient. The institution estimates that 30% of time is spent teaching; 45% of time is on research for NIFA award, and 25% is spent on personal grant award. Of the individual's \$100,000 salary, they anticipate charging \$45,000 to the grant – based on the estimated time – and for the first month charge that proportional amount. On a monthly basis, the faculty member tracks the hours spent on the award and his supervisor reviews and approves. The actual time work is 10 hours per week – or 25% of time. Therefore, the grant charges from the first four weeks must be adjusted to reflect the 10 hours actually worked. Note that the frequency of reconciliation may be bi-weekly, monthly, or even quarterly, so long as it is a part of an adequate internal control system at the institution. NIFA does not envision a situation where reconciliation less frequently than quarterly would be sufficient under the internal controls standards in the Uniform Guidance. While one institution may have a quarterly reconciliation as part of the internal control process and it is found allowable, another institution with a quarterly reconciliation may be cited because their internal control system is not found adequate. Therefore, each situation is unique and will be reviewed on an individual basis.

5. Do personnel costs used as matching funds need to follow the same time and effort reporting requirements as grant funds?

Yes. Grantees must maintain documentation supporting the personnel costs counted as match in the same manner it would for personnel costs charged to the grant.

6. Can you give me an example of documentation, other than time sheets, that would satisfy the internal control standards?

Yes. Below is an example of documentation that sufficiently satisfies the requirements of the Uniform Guidance. It identifies the grant by project code, the time period, the funding sources and % of time allocated (by funding source), what was accomplished and the impact. It is signed by the employee and two supervisors. This documentation provides a strong internal control by tracking time against funding sources and summarizing accomplishments and impacts as support of time worked. It is also validated by two supervisors through signature.

EXAMPLE ON NEXT PAGE

EXAMPLE

Institution Name: NIFA University

Instructions: All personnel paid from research funds must record time and effort in order to adhere to 2 CFR 200. You are required to submit a completed form to the College Administrative Offices by the 15th of each quarter.

Quarter: 3rd (April-June)

Employee Name: Melinda Brown

Project Title: McIntire Stennis

Project Codes: 110000-231006-140 and 203014-20119-61003-140

Semester Faculty Load	Funding Source	% Allocated
(SFL): 41.5%	110000-231006-140	12.39%
	203014-20119-61003-140	46.11%
<i>This column should equal the total amount of time paid from the Project(s)</i>		58.50%

SFL + Total Allocated = 100%

Accomplishment: Continued coordination with graduate students to plant bluestem and other native warm season grasses outside of the project area. Planting was successfully completed on July 2, 2016. Hired one undergraduate student to help with field measurements.

Impact: Forest managers on the southern end of the forest are now making changes to seeding requirements after logging to incorporate bluestem/native warm season grasses. They are currently testing this out on one timber sale.

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Publications:

I certify that the above information is correct.

Signed, *Melinda Brown*

7/15/2016

Signed, *Joanna Banks*

7/15/2016

Employee

Dean/Research Director

Signed, *Susan Moore*

7/15/2016

Department Chair