

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. (2 C.F.R. Part 200.430(i)(1)) In addition, employees who are paid from state and local funds, but whose salaries are used for cost-sharing or matching, must also keep time and effort documentation. (§ 200.430(i)(4))

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with § 200.430(i)(1), these records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the agency on an integrated basis;
- Comply with the established accounting policies and practices of the agency; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed. (§200.430(i)(1)(viii))

Time and Effort Procedures

To meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a monthly certification. The type of form depends on the number of cost objectives that an employee works on.

A cost objective is a program, function, activity, award, organizational subdivision, contract, or work unit of which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. (2 C.F.R. Part 200.28)

All employees whose work is funded fully (100%) by a single cost objective or grant award must complete a semi-annual certification. The semi-annual certification must be:

1. Completed at least every six (6) months (twice a year);
2. Be signed by the employee or the supervisor with direct knowledge of the work being performed;
3. Reflect an after-the-fact distribution of the actual activity; and
4. Account for the total activity for which each employee is compensated.

Reconciliation Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.

750 – Time and Effort Standards Policy (cont.)

If using budget estimates for interim accounting purposes, EDGAR requires recipients to identify and enter into the records in a timely manner any significant changes in the corresponding work activity. Additionally, the federal program office must have a system of internal controls to review after-the-fact interim charges made to a federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.

All the time and effort certifications are collected by the federal program office, reviewed for accuracy, appropriate signatures, dates and copied to the Grants Accounting Office.