Time and Effort Documentation Flexibility

Tiffany Winters Kesslar, Esq.
kesslar@bruman.com

www.bruman.com

Tracking Personnel Expenses
200.430(i)

- All employees must maintain documentation showing that their salaries are allocable to a federal program 200.403(a).
- That documentation must be based on records that accurately reflect the work performed.

Documentation Requirements
200.430(i)(1)

These records MUST:
1. Be supported by a system of internal controls which provides reasonable assurance that charges are accurate, allowable and allocable;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated;
4. Encompass all activities (federal and non-federal);
5. Comply with established accounting policies and practices; and
6. Support distribution among specific activities or cost objectives.
Cost Objective
200.28

- What is a cost objective?
  - Program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc.

- Multiple Cost Objectives?
  - More than one Federal award, Federal and a non-Federal award, an indirect cost activity and a direct cost activity, an unallowable activity and an allowable activity, etc.

Is it a single cost objective??

As the Perkins Program Director I oversee the three CTE programs/pathways offered at the college.

- Single Cost Objective
- Multiple Cost Objective
Our Title I director was just hired as our 21st CCLC program director because she does such a great job with the Title I program!

- Single Cost Objective
- Multiple Cost Objective

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Our Title I director was just hired as our 21st CCLC program director because she does such a great job with the Title I program! Oh, we consolidate our administrative funds – does that matter?

- Single Cost Objective
- Multiple Cost Objective

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Our ESSA Title I administrator administers our public and private school programs.

- Single Cost Objective
- Multiple Cost Objective
Our Special Education Director is paid in part with IDEA funds and in part with supplemental State funding.

☐ Single Cost Objective

☐ Multiple Cost Objective

My Principal Investigator administers the Community Reading Grant between our University and the local school districts. We have 3 grants and she administers all of them but it’s the same work.

☐ Single Cost Objective

☐ Multiple Cost Objective

I am the Federal Programs Director.

☐ Single Cost Objective

☐ Multiple Cost Objective
Reconciliation
200.430(i)(1)(viii)(C)

All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Percentages
200.430(i)(1)(ix)

Because practices vary as to the activity constituting a full workload, records may reflect categories of activities expressed as a percentage distribution of total activities.

Substitute Systems
200.430(i)(5)

States, local governments and Indian tribes encouraged to adopt “substitute systems” if approved by cognizant agency for indirect cost.
  • No longer applies to nonprofits
  - Substitute systems may include random moment sampling, “rolling” time studies, case counts or other quantifiable measures of work performed.
Substitute Systems
200.430(i)(5) (cont.)

Substitute systems no longer include:

• Any system previously approved as a “substitute system” whereby time and effort forms are collected 2-4 times per year and salaries allocations are based on those collections.
• The prior “substitute system” whereby employees working on multiple cost objectives with a predetermined schedule could certify semi-annually that his/her schedule did not change.
• Because Part 200 does not mandate a semi-annual or monthly certification.
• Any system with strong internal controls that has records that accurately reflect the work performed meets the general standard.

Compliance
200.430(i)(2)

For records which meet the standards, the non-federal entity will not be required to provide additional support or documentation for the work performed.

❖ DOL regulations for Fair Labor Standards Act must still be met (i.e. charges must be supported by records indicating the total number of hours worked each day).

Noncompliance
200.430(i)(8)

❖ For a non-Federal entity where the records do not meet these standards:
  USDE may require personnel activity reports (PARs), including prescribed certifications or equivalent documentation that support the records as required in this section.
  PARs are not defined!!
What We know!

✓ Consolidated 3 different sets of rules (A-87, A-21 and A-122)
✓ Must have some type of documentation
✓ Time can be tracked by percentage or hours
✓ Track time by cost objectives
✓ Reconcile documentation to budgeted amounts
✓ Substitute Systems still acceptable to meet these requirements

What We Don’t Know!

What We Don’t Know:
✓ Signatures?
✓ First-Hand Knowledge?
✓ Time Periods?
✓ Monthly, Semi-annually?
✓ Electronic system?
✓ What is a good system of internal controls?
AEFFA’s Proposals for New Time and Effort Systems
June 15, 2016

(On BruMan Website)

AEFFA Proposed T&E Flexibility

1. Certification of Actual Time Worked
2. Blanket Certification
3. Official Record of Employee Activities
4. Electronic Submissions/Approvals
5. Roll-up Time and Effort Tracking
6. Allocation of Effort Using a Basis Other than Time

Certification of Actual Time Worked

If an employee works on a single cost objective:

- Semi-Annual Certifications
  - After the fact;
  - Account for the total activity;
  - Signed by employee or supervisor; and
  - Every six months (at least twice a year).
- AEFFA Proposals
  - Annual Certification*
Certification of Actual Time Worked (cont.)

If an employee works on multiple cost objectives:

A-87 Rule: Personnel Activity Report (PAR)
- After the fact;
- Account for total activity;
- Signed by employee*; and
- Prepared at least monthly and coincide with one or more pay periods.**

AEFFA Proposals
- Signed by employee or supervisor with knowledge*
- PARs are Monthly or Quarterly**

Blanket Certifications

A-87 Permissible Blanket Certification:
Supervisor has first hand knowledge of work performed by several employees:
He/she used a single certification listing all employees and the cost objective that they worked on and the time period covered.

AEFFA Proposals:
The above certification still acceptable documentation
Additionally, supervisor with knowledge could sign a single certification attesting that the named employees all worked in accordance with their stated job descriptions

Official Record of Employee Activities

What is an Official Record of Employee Activities (OREA)?
- Examples: Job Descriptions or Employee’s schedule
- Clearly identifies all cost objectives at beginning of the year
- Clearly identifies position and/or accounting codes
- Single Cost Objective: OREA is sufficient documentation
- Multiple Cost Objective: On an annual basis, employee or supervisor with knowledge certifies that the employee worked in accordance with the OREA
- To ensure internal controls in place:
  - A position/activity change form is used to track changes in an employee’s job or activities and ensure proper reconciliation/allocability.
Electronic Submissions/Approvals

Types of Electronic Submissions Include:
- On-line or electronic form submission where employee logs in and completes their time using a “check the box” system
- Email submissions from employee
- Electronic timesheets
- Key here: internal controls!
  - Passwords
  - Unique identifiers
  - Some record trail

“Roll up” Time and Effort Tracking

Tracking Supervisors, Clerical and Support Staff
- This was permissible under A-87 with permission (as a substitute system).
- AEFFA Proposal: This is permissible under the new standard (and would not be a substitute system so no permission needed).
- How this works?
  - Time spent by a supervisor on purely supervisory activities may be allocated based on the average time allocations of the supervised employees.

Allocation of Effort Using a Basis Other Than Time

Allocability
- When an employee benefits multiple cost objectives in a way that is indistinguishable, may determine the allocability of time using "any reasonable basis".
- If proportions cannot be determined because of the interrelationship of the work involved, costs may be allocated on "any reasonable documented basis".
  - Meaning – you can use a measure other than time!

Examples:
- Paraprofessional teaching supplemental class to students with varying eligibility – could allocate salary based on percentage of students from each funding source.
- Accountant’s salary – allocated based on the number of transactions from each funding course. (Permissible under EO’s 1992 Guidance)
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