Time and Effort Documentation:
Don’t Get Caught by Uniform Grant Guidance Changes
March 25, 2015

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Agenda

• Overview
• Old Time & Effort Rules
• Final Uniform Grants Guidance
The Old OMB Circulars

OMB cost principles (and the time and effort rules) are current in different circulars

- A-21 Educational Institutions
- A-87 State, Local & Indian Tribal Governments
- A-122 Non-Profit Organizations
- 48 CFR pt. 31 For-Profit Organizations

Incorporated into the “Uniform Grants Guidance”
Reasons for the Change?

1) Simplicity
2) Consistency
3) Obama Executive Order on Regulatory Review
   - Increase Efficiency
   - Strengthen Oversight
Who Crafted the Changes?

• OMB
• Council on Financial Assistance Reform (COFAR) & Key Stakeholders
  • www.cfo.gov/cofar
Who is Covered?

• All “nonfederal entities” expending federal awards
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 1, 2013</td>
<td>Notice of Proposed Rulemaking</td>
</tr>
<tr>
<td>Dec 19, 2013</td>
<td>Final Rule Released</td>
</tr>
<tr>
<td>Dec 26, 2013</td>
<td>Federal Register Published Rule</td>
</tr>
<tr>
<td>May 2014</td>
<td>New OMB Compliance Supplement</td>
</tr>
<tr>
<td>June 26, 2014</td>
<td>Agency Draft Regulations</td>
</tr>
<tr>
<td>Dec 19, 2014</td>
<td>Final Agency Regulations</td>
</tr>
</tbody>
</table>
Most Significant Changes

• Shift from focus on Compliance to focus on PERFORMANCE!!!
  ▪ Auditors (A-133 + Federal OIG) and Monitors (Federal and State Pass Through) must look more to “outcomes” than to “process”
  ▪ The Uniform Grants Guidance adds significant flexibility to way grantees / subgrantees can adopt their own processes
The Uniform Grants Guidance has a MAJOR emphasis on “strengthening accountability” by improving policies that protect against waste, fraud and abuse.
Time and Effort Documentation 101
Who must participate?

• Must be maintained for all employees whose salaries are:
  • Paid in whole or in part with federal funds
  • Used to meet a match/cost share requirement
  • NOT contractors

• How staff demonstrate allocability
  • If employee paid with federal funds, then must show that the employee worked on that specific federal program cost objective 200.403(a)
Does My Employee Have To Keep Time and Effort Records?

- Is she an employee?
  - Yes
    - Is she paid with federal funds?
      - Yes: T&E Required
      - No: I don’t know
  - No: No T&E Required
  - I don’t know: Ask HR

- Is her salary used for match?
  - No: No T&E Required
  - Yes: T&E Required
Time and Effort (Current A-87 Rule)

Semi-Annual Certifications

- If an employee works on a single cost objective:
  - After the fact
  - Account for the total activity
  - Signed by employee or supervisor
  - Every six months (at least twice a year)

Personnel Activity Reports (PAR)

- If an employee works on multiple cost objectives:
  - After the fact
  - Account for total activity
  - Signed by employee
  - Prepared at least monthly and coincide with one or more pay periods
SEMI-ANNUAL CERTIFICATION

This is to certify that Don Draper has worked 100% of her time for the period January 1, 2014 through June 30, 2014 on IDEA Part B programmatic activities.

[Signature]
Don Draper  
Signature of Employee

[Printed Name]
Don Draper  
Printed Name of Employee

[Date]
7/3/14  
Date

[Signature]
Roger Sterling  
Signature of Supervisor

[Printed Name]
Roger Sterling  
Printed Name of Supervisor

[Date]
7/8/14  
Date
PERSONNEL ACTIVITY REPORT

Employee: Jimmy McNulty
Office: Special Education Teacher

Reporting Period: August 1 – August 31, 2014

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

<table>
<thead>
<tr>
<th>Cost Objective</th>
<th>Account Number</th>
<th>Program</th>
<th>Distribution of Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Education</td>
<td>400</td>
<td>IDEA, Part B</td>
<td>45%</td>
</tr>
<tr>
<td>Instruction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular Education</td>
<td>300</td>
<td>Non-Federal</td>
<td>55%</td>
</tr>
</tbody>
</table>

Signature: [Signature]
Date: 9/7/14
Cost Objectives

• What is a cost objective?

• “Cost objective” means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.
OCFO’s Time and Guidance

OCFO Guidance

• It is possible to work on a single cost objective even if an employee works on more than one Federal award or on a Federal award and a non-Federal award.

• The key to determining whether it is a single cost objective is whether the employee’s salary and wages can be supported in full from each of the Federal awards on which the employee is working or from the Federal award alone if the employee’s salary is also paid with non-Federal funds.
Title I, Part A funds and State Compensatory Education funds

- An LEA supports a supplemental math teacher to serve low-achieving students with 50 percent Title I, Part A funds and 50 percent State compensatory education funds.
- Because the LEA could support the teacher’s entire salary with either funding source, it is a single cost objective.
OCFO Guidance Example #2

Title I, Part A funds and local funds

• An LEA supports an elementary school teacher with local funds but pays her with Title I, Part A funds to provide after-school tutoring for low-achieving students

• Although the teacher could not be paid with Title I, Part A funds to provide elementary education, the portion of her time spent on after-school tutoring is easily separated from her teaching position by her schedule.
Time and Effort (Current A-21 rule)

Plan Confirmation

- Budgeted allocations for professional/professorial staff
- Updated to reflect any significant changes in actual work

Multiple Confirmation Records

- Variety of records kept in combination at least monthly.

After-the-Fact Activity Reports

- Professional/Professorial staff keep records every six months
- All other employees keep monthly records
- Signed by employee, principal investigator, or responsible official using suitable means of verification.
- Must reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs.
AFTER-THE-FACT ACTIVITY REPORT

Employee: Robb Stark          Office: Grants Management

Reporting Period: August 1 – August 31, 2014

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

<table>
<thead>
<tr>
<th>Cost Objective</th>
<th>Account Number</th>
<th>Program</th>
<th>Distribution of Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perkins Administration</td>
<td>201</td>
<td>Perkins</td>
<td>30%</td>
</tr>
<tr>
<td>AEFLA Administration</td>
<td>301</td>
<td>AEFLA</td>
<td>50%</td>
</tr>
<tr>
<td>Fundraising Activity</td>
<td>115</td>
<td>Non-Federal</td>
<td>20%</td>
</tr>
</tbody>
</table>

Signature: Robb Stark

Date: Sept 5 2014
Time and effort (Current A-122 rule)

Personnel Activity Report

- After-the-activity report
- Account for the total activity
- Signed by employee or supervisor with first hand knowledge
- Prepared at least monthly and coincide with one or more pay periods
PERSONNEL ACTIVITY REPORT

Employee: Jesse Pinkman

Reporting Period: August 1 – August 31, 2014

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

<table>
<thead>
<tr>
<th>Cost Objective</th>
<th>Account Number</th>
<th>Program</th>
<th>Distribution of Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>21st CCLC Programmatic</td>
<td>401</td>
<td>21st CCLC</td>
<td>35%</td>
</tr>
<tr>
<td>After-School Academy Instruction</td>
<td>201</td>
<td>Non-Federal</td>
<td>65%</td>
</tr>
</tbody>
</table>

Supervisor Signature: [Signature] Date: 9/6/14

Supervisor Full Name: Walter White
Uniform Grants Guidance
Time Distribution Records: “Standards for Documentation of Personnel Expenses”

• Must be maintained for all employees whose salaries are:
  • Paid in whole or in part with federal funds 200.430 (i)(1)
  • Used to meet a match/cost share requirement 200.430(i)(4)
• What is a cost objective? 200.28 (slightly changed)
  ◦ Program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate the measure the cost of processes, products, jobs, capital projects, etc.
Cost Objectives (cont)

- Multiple Cost Objectives 200.430(vii):
  - More than one Federal award.
  - A Federal award and a non-Federal award.
  - An indirect cost activity and a direct cost activity.
  - Two or more indirect activities that are allocated using different allocation bases.
  - An unallowable activity and a direct or indirect cost activity.
OCFO Clarifications
Re: “single cost objective”

Still Applicable Even With New OMNI Circular Changes!
“Standards for Documentation of Personnel Expenses” 200.430

- Charges for salaries must be based on records that accurately reflect the work performed

1. Must be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and properly allocated

2. Be incorporated into official records

3. Reasonably reflect total activity for which employee is compensated
   - Not to exceed 100%
4. Encompass all activities (federal and non-federal)
5. Comply with established accounting polices and practices
6. Support distribution among specific activities or cost objectives
• Budget estimates alone do not qualify as support for charges to Federal awards 200.430(i)(1)(viii)

• Percentages may be used for distribution of total activities 200.430(i)(1)(ix)
• Grantees encouraged to adopt “substitute systems” if approved by cognizant agency for indirect cost 200.430(i)(5)

• Acceptable to allocate sampled employee’s supervisors, clerical and support staffs, based on results of sampled employees
“Standards for Documentation of Personnel Expenses” 200.430 (cont)

• If records meet the standards: the non-federal entity will NOT be required to provide additional support or documentation for the work performed 200.430(i)(2)

• **BUT**, if “records” of grantee do not meet new standards, Federal Agencies may require PARs 200.430(i)(8)
  • PARs are not defined!!
What’s Next?

• Federal Agencies have until Dec. 26, 2014 to finalize conforming regulations (draft due June 26, 2014).
  • Agencies must get OMB approval if they want to promulgate more restrictive rules
  • OMB approval is NOT required if agency simply “clarifies” OMB rules.
Effective Date

• Administrative requirements and cost principles applies to new awards and to additional funding (funding increments) to existing awards made after Dec 26, 2014.

• Federal awards that existed prior to that date will continue to be governed by the terms and conditions of the Federal award.
So What Does All this Mean??
To ask a question, please press *1 on your touchtone phone.

If you are using a speaker phone, please lift the receiver and then press *1.

If you would like to withdraw your question, press *1.
Follow-Up Questions

If you have any remaining questions after the conclusion of today’s webinar please do not hesitate to get in touch.

Ask our editor: karen.norris@thompson.com

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- http://grants.complianceexpert.com/ (Thompson’s subscription website, federal compliance regulations are available to all free of charge)
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