

Grants Management Guidance 2014-002

SUBJECT: 2 CFR §200.430 Compensation – personal services (Time and Effort)

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Requirements/Standards

The compensation for personal services requirement, commonly referred to as Time and Effort, includes all remuneration and is detailed in [2 CFR §200.430](#). This requirement may also include fringe benefits which are addressed in [§ 200.431](#). This guidance document is to assist grantees with meeting the requirement as it relates to salaries and wages.

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time spent working on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. This also includes stipends for employees administering federal programs and amounts paid to substitute teachers.

Charges to federal awards for salaries and wages must be reasonable, conform to grantees written policies which meet the requirements of federal statute, and be properly documented and supported. Supporting documentation must be based on records that accurately reflect the work performed. According to [2 CFR 200.430\(i\)\(1\)](#), these records must:

- Be supported by a system of internal controls which provide 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 entity; and
- Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award.

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\(i\)\(1\)\(viii\)](#))

Be sure to review the Code of Federal Regulations for additional information on requirements.

Types of Documentation

All payroll activity for personnel working on one or more federal programs or cost objectives must be tracked and verified using one of the following methods/forms:

- [Semi-annual Certification](#): (single cost objective 100%)
- [Personnel Activity Reports \(PARs\)](#): (multiple cost objectives)
- [Substitute system](#): (multiple cost objectives with a predetermined, set schedule.)

Per 2 CFR 200.430(i), semi-annual certifications, personnel activity reports (time-and-effort documentation), or a substitute system can be used to support salary amounts charged to a federal program. The type of documentation required is based on whether one or multiple funding sources and/or cost objectives are involved.

Semi-Annual Certification

Use when an employee's compensation is funded by only one federal grant or cost objective. An employee funded by a federal grant and the general fund would fall under this category if 100% of the employee's salary could be charged to the federal grant in the absence of the general fund.

- Work 100% of their time on a single grant program and/or single cost objective.
- Work 100% of their time in administering one program such as a Federal Programs Director who administers only one program.
- Work 100% of their time under a single cost objective funded from eligible multiple funding sources.

Employees who meet this criterion are not required to maintain time-and-effort records if their job description clearly shows the employee is assigned 100% to the program or single cost objective. Each employee must certify in writing, at least semi-annually, that he/she worked solely on the program or single cost objective for the period covered by the certification. The certification is signed by the employee or by the supervisor having first-hand knowledge. Charges to the grant must be supported by these semi-annual certifications. The semi-annual certification is executed after the work has been completed, and not before.

Examples of the LEA employees who work on a “single cost objective”

The examples below are intended to illustrate a “single cost objective” only. Therefore, in reviewing the examples please assume that the uses of funds described in each example are otherwise allowable under the programs illustrated. For example, assume in Example 1 that Title I, Part A funds may support a supplemental math teacher and in Example 3 that there is no violation of supplanting in a school-wide program. The programs included in a school-wide program constitute a single cost objective.

A teacher in a Title I school-wide school is paid with local funds to teach first grade in the morning to decrease class size for reading and is paid with Title I, Part A funds to teach a supplemental reading recovery class in the afternoon. (The school has a sufficient number of first-grade teachers to meet the requirements of ESEA section 1114(a)(2)(B).)

Because the part-time first-grade teacher is not needed to provide the basic education program in the school-wide program school, her salary could be supported with Title I, Part A funds, even though it is not. Similarly, her salary for providing reading recovery could be supported with Title I, Part A funds. Both her functions are fully supportable with Title I, Part A funds, and the school-wide program constitutes a single cost objective. Only a semiannual certification is required even though the teacher's salary is supported by a federal award and local funds, and she conducts two different activities.

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. Accordingly, the teacher's after-school tutoring is a single cost objective, therefore only a semiannual certification for the time she works in the after-school program supported by Title I, Part A funds is required.

A high school math teacher's regular salary is paid with State and local funds. The teacher conducts an after-school support program for Native American students in the school and also teaches at a summer academic camp for Native American students in the school district. For both of these activities, he is paid from Title III.

Although a teacher could not be paid with Title III, Part A funds to teach high school math, the portion the teacher is paid with Title III, Part A funds is easily segregated from his/her daily teaching schedule. Accordingly, the teacher's after-school and summer activities are each a single cost objective, and the teacher need only file a semiannual certification for the time paid from Title III.

[Sample: Semi-Annual Certification](#)

Personnel Activity Reports (PAR)

When an employee's compensation is funded by more than one federal grant or cost objective, all payroll activity must be tracked and verified using Personnel Activity Reports (PAR). PAR's are required for employees that meet the following criteria:

- Do not work 100% of their time on a single grant program and/or single cost objective
- Work under multiple grant programs or multiple cost objectives

The PAR provides a written record of an employee's daily work activities and are used to document that employee's time under each grant or project. It should be completed monthly (recommended) to coincide with pay periods and supported by a daily calendar of activities. Such reports must reflect an after-the-fact distribution of the actual time spent on each activity and must be signed by the employee.

Sample: Personnel Activity Report

Substitute System of Certification

Only eligible employees participate in the substitute system. To qualify for this substitute system in lieu of traditional PARs, the employee must work on multiple activities or cost objectives (i.e., more than one federal grant award) based on a **predetermined, set schedule**. Most likely it is applicable to classroom teachers or instructional aides. The certification is signed by the employee or by the supervisor having first-hand knowledge. Documented employee work schedule must include sufficient controls to ensure that the schedules are accurate.

To be eligible to document time and effort under the substitute system, employees must:

- Currently, working on a schedule that includes multiple activities
- Work on specific activities or cost objectives based on a predetermined schedule; and
- Not work on multiple activities or cost objectives at the exact same time on their schedule

Employee schedules must:

- Indicate the specific activity or cost objective
- Account for the total hours
- Be certified at annually and signed by the employee and supervisor
- Any significant revisions to an employee's established schedule must be documented
- The effective dates of any changes must be clearly indicated in the documentation provided

Federal rules require LEAs to submit substitute processes or systems for allocating salaries and wages to Federal awards to the Department, for approval, before eligible employees participate in the substitute system. [2 CFR 200.430 \(5\)\(i\)](#).

The documentation submitted needs to incorporate the following:

- a brief description of internal controls that assures the expenditures charged are accurate, allowable and properly allocated
- the employees schedule that reflects the total activity (both federal and non-federal) that is being compensated
- sample certification that incorporates the requirements as shown in section D

Use the link below to review Substitute System Requirements.

Once the educational entity's substitute system of time-and-effort documentation has been approved, the Time-and-Effort Substitute System Certification (see link below) and employee schedule (see link below) would need to be completed on a yearly basis. The employee schedule would be completed prior to the start of the school year, the certification is to be completed at the end of the year. These documents will need to be available for review. The substitute documentation must include the components listed below in the certification form. If an educational entity cannot or elects not to use substitute time-and-effort documentation, the educational entity must adhere to the original requirements outlined in Uniform Guidance 200.430 Compensation – Personal Services.

[Substitute System Requirements](#)

[Sample: Employee Schedule](#)

[Sample: Substitute Certification](#)

[Budget Reconciliation](#)

It is critical for payroll charges to match the actual distribution of time recorded on the monthly certification documents. Grantees may initially charge payroll costs based on budget estimates. 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 performed.

If using [budget estimates](#), it is recommended the LEA periodically, at least quarterly, reconcile payroll charges to the actual time and effort reflected in the employees' time-and-effort records.

[Employee Exits](#)

An employee separating services with the LEA should complete a final certification or time-and-effort report.

Frequently Asked Questions

- 1. My school district has a school wide program in a building which consists of Title I, Title II-A, IDEA part B and local (general) funds. For a teacher working in that building, is it necessary to have time-and-effort documentation or can a semi-annual certification be used?**

A semi-annual certification can be used because a school wide program is a single cost objective for a district.

- 2. I am a small local school district superintendent. There are three buildings in my district which each have one Title I teacher in a targeted assistance program. The Title I teacher is solely paid from Title I funds and no other sources. Can I, as a superintendent and ultimate supervisor of this teacher, complete the semi-annual certification for the three Title I teachers in my district?**

No, the superintendent would not have first-hand knowledge of the activities of the teacher to complete the semi-annual certification.

- 3. Using the same scenario in Question 2 except could the principal of the school complete a semi-annual certification for that teacher in the building?**

Yes, if the principal had first-hand knowledge of the activities of the teacher.

- 4. The allocation that my district gets from ODE for IDEA part B does not cover all the costs of the teacher and I am forced to use local (general) funds to fully fund the position. Does this teacher have to complete time-and-effort documentation because they are paid from IDEA part B and the general fund, even though the teacher spends the entire time working on special education?**

No. A semi-annual certification may be completed because the teacher is working on a single cost objective, special education programs and is funded from a single federal grant. The teacher is working within the confines of one program and does not deviate from that objective. Districts must be extremely cautious defining single cost objectives. Further guidance may be obtained from ODE's Grants Administration.

- 5. The allocation that my district gets from ODE for Title IV and Title V are not sufficient to cover the costs of an entire teacher. The district uses some portion of Title IV and Title V to pay for the salary and fringe benefits of the teacher and pays the remainder from the general fund. Can the teacher complete a semi-annual certification rather than keep time-and-effort documentation since both programs are from Federal sources?**

No. The allowable activities of the Title IV and Title V programs are vastly different and are funded by two different federal grants, so do not constitute a single cost objective. Time-and-effort documentation must be maintained to remain in compliance.

- 6. *My school district has hired a grant coordinator/manager to ensure that all provisions of the district's grant program are in compliance. As a result, the grant coordinator is paid from each of the grant programs in proportion to the amount of funding available. Because I am working on one cost objective, managing all the grants, can I do a semi-annual certification rather than time-and-effort documentation?***

To ensure that each program is only paying for its requisite costs, concurrent time-and-effort documentation must be maintained to indicate the work done for each program.

- 7. *How does a district account for non-instructional time such as sick leave, vacation or in-services, when completing time-and-effort documentation?***

The actual percentages found by using the time-and-effort documentation may be used as a reasonable basis for determining the cost of the compensated absences. This provision does not apply to severance pay.

- 8. *What will auditors look for when testing for compliance with 2 C.F.R. 200 time-and-effort requirements?***

Auditors will request the time-and-effort documentation to support those payroll charges for split funded personnel. For single source funded personnel, auditors will request the semi-annual certifications. Additionally, the auditors may request other documentation which would support those charges, typically in support of the normal payroll testing.

- 9. *Our local teacher's union has instructed union members to not sign the semi-annual certifications and time-and-effort logs because they are afraid the documents will be used to apply a reduction in force if the grant funding ends. As the treasurer, what should I do to comply with the requirements?***

For semi-annual certifications, the employee does not have to sign if a supervisor with first-hand knowledge of the work signs the certification. For time-and-effort logs, these must be signed by the employee as part of the payroll process in the district. ODE strongly discourages refusals to sign as (1) signing the certification has no bearing on whether the grant is funded in the future and (2) it does not consistently ensure that funds have been used according to the requirements outlined in the grant agreement. Districts are cautioned that failure to sign the documentation could warrant the repayment of disallowed or questioned costs for the grant program.

- 10. *To what programs does this guidance apply?***

Any Federal and state grant programs funded by ODE for local and state government entities, including community schools. Check award documents from other state and Federal agencies to determine the applicability of each cost principle to those grant programs and entities.

Please email questions to: Grants.Management@education.ohio.gov