**Wyoming Department of Education (WDE)**

**Federal Programs Time Distribution Guidance**

*Revised June 2021*

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***Time and Effort Documentation Requirements***

For personnel costs to be allowable, they must be necessary, reasonable, and allocable to the federal cost objective to which they are being charged and appropriately documented. ***See Uniform Grant Guidance* 2 CFR § 200.430.** Federal law establishes specific rules for ensuring that costs related to the compensation of employees meet these criteria. For any salary, wage, stipend, extra duty pay, bonus pay or related benefits to be allowable to a federal award, the Uniform Grant Guidance (UGG) requires that time distribution records (also referred to as time and effort documentation) be maintained. Time distribution reporting is applicable to any employee whose compensation for personal services is paid in whole or in part with Federal funds.

Time distribution reporting demonstrates an employee’s payroll costs paid with federal funds are allocable to the federal program. **All employees of state and local governments (including school districts, public schools, and charter schools) who are paid in whole or in part with federal funds must keep specific documentation to demonstrate that the amount of time they spent on federal grant activities is allocable or chargeable to the grant.** 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. *See* EDGAR 2 CFR § 200.430. Time distribution reporting is applicable to all federally funded salaries, wages, fringe benefits (addressed in 2 CFR § 200.431), stipends, and extra duty pay that is paid to employees. Therefore, all employees paid with federal funds, whether part time or full time, and employees whose salaries are used for a match under the grant, must keep time distribution records.

Substitute teachers, if paid as employees, must complete time and effort documentation. Essentially if it counts on a W-2, he/she must complete time and effort documentation. **Time distribution records are in addition tothe standards for payroll documentation.** Without time and effort, salaries and wages are not allowable. Certifying that your activities benefited a federal program makes salaries allocable.

***Uniform Grant Guidance (2 CFR § 200.430)***

On December 19, 2014, the Uniform Grant Guidance (UGG) was published in the Federal Register. The Uniform Grant Guidance applies to both formula and discretionary grants in the same way that the former EDGAR (34 CFR) Parts 74 and 80 did. The difference is that these regulations are now found in one place. There are some items, found in 2 CFR § 200.205 and 205.206 that only apply to discretionary and cooperative grants. The grant reform consolidates eight OMB circulars including key cost circulars covering the federal cost principles (A-21, A-87, A-110, and A-122), and Circulars A-89, A-102, A-133, and the guidance in A-50 on Single Audit Act follow-up.

The Uniform Guidance states that payroll distribution records must meet six requirements of time and effort documentation.

***Six Requirements of Time and Effort Distribution Records (Time and Effort Documentation)***

1. **Supported by internal controls** – A mechanism to ensure honesty and accuracy regarding documentation. A supervisor must know what activities the employee is performing before signing off on the documentation. An LEA must have policies and procedures of their internal controls.
2. **Incorporated into the official record** – The LEA must ensure record keeping is identified in ***written policy and procedures*** as it is essential to implementing and following an effective time reporting system. The information should be of sufficient detail to permit an understanding of how a system will operate from when the time that is worked to when the time is recorded in the accounting records along with how the federal award will be charged. Practices need to be official, entity wide, and accessible by all employees. They should describe how documentation is kept when charging federal awards. An LEA should have an internal review process to ensure the requirements are being followed.
3. **Reasonably reflect activity in which an employee is paid** – Reflects the total activity of work performed which must equal 100%. Time and effort documentation may not use budget estimates to charge federal awards but can use them as interim accounting for support that provides a reasonable approximation based on budget estimates.
4. **Encompass all activities** – 100% of effort must be recorded and must include non- federal activities along with activities being charged to the federal award.
5. **Comply with established accounting practices** – Must use the same accounting practices and procedures that are used for all of the entities accounting practices.
6. **Support distribution among specific activities or cost objectives** – Track time by cost objective program, function, activity, award, organizational subdivision, or work unit for which cost data are desired, e.g. set asides, mandatory spending caps, etc.

These documents, known as time and effort distribution records must be maintained in order for the Wyoming Department of Education (WDE) and its subgrantees to charge the costs of employee salaries, wages, stipends, and extra duty pay to federal awards.

Uniform Grant Guidance requires compensation be based on actual hours worked; therefore, in an audit or monitoring review, WDE will ask for documentation that supports the time and effort recorded and may ask for evidence demonstrating reconciliation with your accounting system *(see below under Internal Controls)*. Documentation must be in a format that sufficiently provides reasonable assurance that the charges to the federal awards are accurate, allowable, and correctly allocated. Noncompliance with time and effort policies may result in WDE staff and/or its subgrantees being subject to disallowed costs and audit exceptions.

***Internal Controls***

The Uniform Grant Guidance 2 CFR § 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.”* Subgrantees have the flexibility to design or maintain their current internal controls for payroll distribution as long as it is consistent with their entities organizational structure, use of technology, and any other considerations. Ensuring payroll charges are accurate, allowable, and properly allocated is the end goal.

Under Uniform Grant Guidance, an LEA’s internal control system must be found adequate enough to reconcile costs accurately and make adjustments necessary according to the work performed. The Uniform Guidance allows for budget estimates on an interim basis, but budget estimates alone do not qualify as support for charges to awards. They may be used for accounting purposes if:

* The budget estimate produces 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; and
* The internal control system has processes to review the interim charges after the fact and make needed adjustments. This should be completed at least quarterly.

***Cost Objectives***

The cost objective must benefit the award. There are two types of certification documents used, depending on whether an employee works on a single cost objective or multiple cost objectives.

A cost objective is defined as a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are needed to measure the costs charged to a federal award. There may be several cost objectives under one grant program. Under a single grant program, in addition to tracking basic program service costs, a recipient must also track costs associated with all mandated set-asides, statutory caps, and statutory reservation amounts, which may include administration, school improvement, parental engagement, etc. ***For example*:** Title I, Part A of the Elementary and Secondary Act (ESEA) as amended by the Every Student Succeeds Act (ESSA) is not in itself a cost objective. Title I, Part A at the school district level includes numerous mandatory and discretionary set-asides which are each their own cost objective. Equitable services, homeless, neglected and delinquent, administration, parental engagement, professional development, etc. are each a separate cost objective. Each set-aside requires that the agency track specific cost information to ensure the funds are being spent in an allowable manner. Therefore, time and effort reports must reflect the amount of time the employee spent on each cost objective and not on the grant as a whole for allowability purposes.

Schoolwide schools that consolidate state, local, and federal funding do not have to complete time and effort documentation. Under schoolwide flexibility for an employee who works solely on a single cost objective, an LEA does not need to have the employee keep time and effort.

If an LEAs written policy and procedures indicate that all employees paid must keep time and effort on a single cost objective, then all employees must keep time and effort documentation. An LEA must follow their written policy and procedures or amend them in order to take advantage of this flexibility and be sure to include general exceptions.

***Documentation for 100% of Time Spent on a Single Cost Objective (Under OMB Circulars it was called a Semi-annual certification)***

Documentation is required of employees who spend 100% of their time working on a single cost objective. For employees who work solely on a single cost objective, charges for their wages or salary must be supported by periodic certifications that an employee worked only on that cost objective for the period covered by the certification. These can be completed every six months, quarterly, or annually *(as long as this is identified in the LEAs written policies and procedures).* Documentation must be signed after the fact by the employee and/or a supervisor who has firsthand knowledge of the work performed by the employee and documentation must be maintained by the LEA.

**What MUST be included?**

1. School/District
2. Employee name
3. Percentage of time spent on the activity (total time must be 100%)
4. Cost objective worked on
5. Period covered, e.g. January 1, 2021 - June 30, 2021
6. Signature of employee and/or supervisor and date within ten days

If certifying every 6 months, documentation MUST be certified no later than July 10th (for the period covering January 1st through June 30th) and January 10th (For the period covering July 1st- December 31st). The WDE deems 10 days as a reasonable amount of time for an employee to certify time and effort documentation.

It is permissible to complete time and effort documentation for periods shorter than 6 months, which may be helpful when an employee’s work is for less than 6 months, if preferred; however all of the time worked must be accounted for regardless of the time period selected.

***Documentation for Time Spent on a Multiple Cost Objectives (Under OMB Circulars it was called a Personnel Activity Report (PAR))***

This documentation summarizes an employee’s total effort for the reporting period if an amount has been charged to a federal award. It serves to record that work has been completed by an employee. It must account for 100% of the activities that the employee performed during a pay period. They can be prepared monthly, quarterly, or even annually but must be written in the LEA’s policy and procedures in order to be valid. LEA’s may adapt timesheets to meet time and effort documentation requirements but must contain all of the requirements listed below.

Generally, an employee is considered to work on multiple cost objectives if he or she works on:

* 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 cost activities which are allocated using different cost bases; or
* An unallowable activity and a direct or indirect cost activity.

**What must be included?**

1. School/district
2. Employee name
3. Employee position/title
4. Federal award(s) attached to each activity
5. Reporting period
6. A breakout of employees work objectives (activities)
7. Percentage of time spent on each activity (total time cannot be less than or exceed 100%)
8. Signature of employee and/or the supervisor and date within 10 days of the work performed

All cost objectives must be included. Non-federal cost objectives may be included as single “non-federal activities” cost objective.

If the employee is no longer employed or is otherwise unable to sign the documentation, the supervisor who is aware of the work performed by the employee should note that on the employee signature line *(along with why the employee is unable to sign)* and then the supervisor must sign the form.

An LEA may develop and utilize their own forms, but the form must contain all of the required information for documentation of multiple cost objectives. A time sheet may be used in lieu of a separate form provided it meets the requirements herein.

***Blanket Certifications***

A blanket certification covers time and effort documentation for multiple employees. It can be utilized to identify multiple employees working on the same single cost objective. The blanket certification must be signed by the supervisor that has first-hand knowledge of the work performed by the employees. It can be completed monthly, quarterly, semi-annually or annually depending on what is written in the LEAs policies and procedures.

**What must a blanket certification include?**

1. School/district name
2. Employee names
3. Employee position/title
4. Federal program(s) attached to activity
5. Percentage of time spent on each activity (total time cannot be less than or exceed 100%)
6. Cost objective worked on
7. Period covered, e.g. January 1, 2019 - June 30, 2019
8. Signature and date of employee and/or supervisor within 10 days

***Stipend/Extra Duty Pay***

If a stipend or extra duty pay is paid to employees out of a federal award in addition to an employee’s regular work. Time and effort documentation is required. Stipend and extra duty work must be documented separately from an employee's regular work. Documentation should be completed for a stipend and extra duty work, even if for a single cost objective. If the stipend or extra duty work is for multiple cost objectives, documentation must be completed that includes all cost objectives. This is in addition to the time and effort documentation completed for an individual’s regular work.

***Time and Effort Documentation Signatures***

If the employee is no longer employed or is otherwise unable to sign the documentation, the supervisor who is aware of the work performed by the employee should note that on the employee signature line *(along with why the employee is unable to sign)* and then the supervisor must sign the form within the ten days required time.

***Digital Signatures***

A digital signature is acceptable only if the district can demonstrate it has sufficient internal controls in place to verify the digital signature could only be created by the relevant employee or supervisor *(for example, through a unique login ID, a secret password, can someone else access it, etc.)*. A PDF signature is not acceptable for electronic signatures as anyone can sign through PDF for another individual and it would be considered a control weakness. Identify what controls are in place around the electronic system that makes it secure. The WDE recommends the LEA contact the Consolidated Grants Supervisor to ensure the tool being considered for purchase is secure prior to the LEA purchasing it.

***Reconciliation***

It is critical for payroll charges to match the actual distribution of time recorded on time and effort documentation. 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.

At least quarterly, the LEA must review the time distribution records and compare actual costs to budgeted distributions. When percentages of time are distributed differently than planned, modifications must be made to distribute the charges so they will be a perfect match to the actual time worked on each cost objective.[[1]](#footnote-0)

Adjustments may be recorded annually if the quarterly comparisons show the differences between budgeted amounts and actual costs are less than ten percent. Otherwise, the budget estimates or other distribution percentages must be revised at least quarterly to reflect changed circumstances.

Reconciliation of all necessary adjustments must be made such that the final amount to the federal award is accurate, allowable and properly allocated.

***ESSER and GEER Time and Effort Time Documentation***

For all Education Stabilization Funds (ESF), LEAs do not need to maintain time and effort documentation when an individual employee is working 100% of their time under ESSER or GEER. They would maintain documentation that they would generally maintain for salaries and wages.

If an employee splits their time between activities allowed under ESSER/GEER and activities not allowed under ESSER/GEER, time and effort documentation MUST be completed.

***District Time and Effort Written Policy and Procedures***

An LEA must maintain written policy and procedures that define how they will document time and effort. This is the only way that the district can utilize the flexibility that is allowed under the new Uniform Grant Guidance. Policy and procedures should be specific and detail exactly how an LEAs time and effort documentation system will operate. LEA’s should remove any references that cite OMB circulars in the policy and procedures. All references should be made to the new UGG guidance (2 CFR § 200.430). A district’s written policy and procedures regarding time and effort will define what process they will use for documentation of work performed on a federal award. It must align with the process the district uses. The WDE recommends that the district amend its current policy and procedures to reflect any of the new flexibility under UGG that the district is currently using. If the policy does not specifically identify the process, the flexibility is not allowable.

1. Please note that during an audit, the district may be asked to provide supporting documentation for any time and effort documentation completed. School districts may require more detailed time and effort documentation than required by Federal Law. Districts should develop policies and procedures to establish requirements and guidelines for time and effort reporting through internal controls. Clear and continuous supporting documentation should be maintained at the district level. [↑](#footnote-ref-0)