



COLLEGE TIME AND EFFORT REPORTING GUIDELINES

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TIME AND EFFORT REPORTING GUIDANCE

This guide provides an overview of time and effort reporting as required of educational institutions that receive federally funded grants or SBCTC grants that require time and effort reporting. It includes the minimum requirements for maintaining time and effort reports and reasons why it is necessary.

BACKGROUND

What is time and effort reporting?

Time and effort reports are after-the-fact records that reflect how faculty and staff spent the time for which they were compensated by the educational institution. Other terms used to identify time and effort reports include personnel activity reports (PAR) and effort certifications (EC). These terms often are used interchangeably but are not necessarily synonymous.

Time and effort reporting is the federally mandated method of certifying that the salary and benefits charged to a Federal grant is accurate and is used to support such charges.

Proper time and effort reporting includes accounting for salary, wages and benefits and certifying actual charges for:

1. each Federal grant program
2. budget categories/activities within grant programs
3. cost-sharing (matching) portions of Federal grants
4. all other activity not funded by a grant for which the individual staff are compensated.
5. indirect cost centers when used to charge indirect costs to Federal grants (please refer to OMB Circular A-21 for additional guidance on indirect salary costs)

Who must prepare time and effort reports?

The federal government requires personnel activity reports for any faculty or staff who are compensated in part or in full by more than one federal grant and/or cost objective or more than one budget category/activity within the same grant¹, whose efforts are used to satisfy either a required or a voluntary match or are used in the determination of indirect costs.

Example 1: A nurse employed by the local hospital teaches a 'Medical Office Terminology' class funded by WorkFirst two days a week. She does not perform any other duties for the college. *This individual does not need to maintain a time and effort report because the individual is funded by a single cost objective and a single budget category in a single Federal grant.*

¹ The SBCTC encourages all faculty and staff compensated in part or in full by a single federal grant or cost objective to complete a personnel activity report.

Example 2: A local lawyer agrees to teach a ‘Basic Business Law’ class for the Customized Jobs Skills Training program as well as a ‘Business Law 101’ for accounting students planning to transfer to a four-year university. *This individual must maintain a time and effort report. Although the individual is only funded by one Federal grant, the individual’s salary and benefits are charged to two cost objectives.*

Example 3: The workforce director of small community college is responsible for teaching a ‘Business Computing’ class for WorkFirst as well as maintaining the budgets for the WorkFirst program. *Even though this individual is only funded by one Federal grant, duties are split between two budget categories (Direct Services and Direct Administration), they must maintain a time and effort report.*

Based upon past Federal audits and reviews, charging salary and/or benefits for upper management is rarely allowed. For most grants, colleges may charge no more than 20% of a dean’s payroll costs and none of the payroll costs for vice-presidents and above.

What is considered a work-related activity?

Activities an employee is **obligated** to provide, whether paid or unpaid, are always considered work-related activity for effort reporting purposes. Activities an employee is **not obligated** to provide and for which they are not paid, are not considered work-related activity for effort reporting purposes and should not be reported on the PAR.

Example 1: A full-time faculty is assigned to teach three five-credit classes and is compensated based upon a full teaching load. However, the agreement with the institution requires the faculty to regularly attend the Workforce Education Advisory Committee (WEAC) meetings without additional compensation. Attending the WEAC meetings are considered work-related activity and should be included on the PAR.

Example 2: The full-time director of the Basic Skills Department is paid as an exempt staff member. Two evenings a week the director helps in the tutoring center assisting English as Second Language students. Even though this activity is related to the director’s full-time duties, but since they are not obligated to provide these services, it would not be included on the PAR.

What is contributed or cost-shared effort?

Cost sharing represents that portion of the total project costs of a grant agreement that are not borne by the federal government. The educational institution or other non-federal third party pays these costs. Cost-sharing is frequently referred to as matching.

The grantor may require cost sharing (matching), or the institution may volunteer. Regardless, any commitment of effort or matching referenced in the project proposal or the award document must be honored, reported and captured in the effort reporting system.

What is the difference between effort reporting and payroll distribution?

Payroll distributions and effort reports are not the same. Payroll distributions are the distribution of an individual's salary and benefits in the accounting records, while effort reports (PARs) describe the allocation of an individual's actual time and effort for specific projects, whether or not reimbursed by the grantor. Payroll distributions to each grant or cost objective are done initially based on budget estimates and then adjusted to agree with effort reports for the final payroll distribution.

- **Accounting** tracks the detailed payroll accounting transactions to accounts created for individual grant agreements and other institutional activities.
- **Certifying** is attesting that salaries, wages and benefits charged to the grants (including required match portions) and to other institutional activities (including voluntary match) is reasonable in relation to the time and effort actually performed.

Federal Requirements

2 CFR 220 "Cost Principles for Educational Institutions," (codified OMB Circular A-21) is the Federal government's cost principles for colleges and universities. It defines what costs are allowable and allocable to Federal grants and other assistance programs. Salary, wage and benefit charges to grant awards are allowable only if they are supported and documented by an acceptable time and effort report.²

2 CFR 220, Section J.10, sets the criteria for acceptable methods of charging salary, wages and benefits to federal grants. It requires a payroll distribution system that allocates salary, wages and benefits to the appropriate project accounts based upon reliable personnel activity reports. It also requires the institution to develop procedures to confirm how an individual's time should be charged to each grant award.

Reasonable Estimates

2 CFR 220 J.10.b(1)(b) states: "The apportionment of employees' salaries and wages which are chargeable to more than one grant agreement or other cost objective will be accomplished by methods which will produce an equitable distribution of charges for [an] employee's activities...."

2 CFR 220 J.10.b(1)(c) goes on to state: "In the use of any methods of apportioning salaries, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate."

Employee Classifications

There are two major employee classifications identified by federal regulations:

1. **Classified** – Includes part-time and full-time staff who are overtime eligible or are compensated at an hourly rate, including students)
2. **Professional/Professorial**
 - a. **Professional** – Includes part-time and full-time exempt and classified staff who are not eligible for overtime
 - b. **Professorial** – Includes tenured, non-tenured, part-time and full-time faculty

² The SBCTC encourages all faculty and staff compensated in part or in full by a single federal grant or cost objective to complete a personnel activity report. However, only faculty or staff who are compensated in part or in full by more than one federal grant and/or cost objective or more than one budget category/activity within the same grant, whose efforts are used to satisfy either a required or a voluntary match or are used in the determination of indirect costs must complete a time and effort report.

ACCEPTABLE TIME AND EFFORT REPORTING SYSTEM

An acceptable effort reporting system must provide records on how individuals participating in federally funded grant programs actually spend their time. Because the federal government mandates effort reporting it is incumbent upon institutions receiving federal funding to maintain accurate and auditable systems and records.

2 CFR 220, Section J.10 describes three acceptable effort reporting systems:

1. After-the-Fact Activity Report System
2. Plan-Confirmation System
3. Multiple Confirmation System

The *After-the-Fact Activity Report System* **may** be used by professional and professorial employees and **must** be used by classified employees. Only professional and professorial employees may use the *Plan-Confirmation* and *Multiple Confirmation Systems*.

Partially or Fully Federally Funded	
Professorial Employees	(1), (2) or (3)
Professional Employees	(1), (2) or (3)
Classified Employees	(1)

1. After-the-Fact Activity Report System

A. Initial Budget Estimates

- May initially record payroll costs in the accounting system based on estimates by:
 - Individual grant agreement (WorkFirst, Perkins, ABE, etc)
 - Grant category or activity (instruction, administration, direct services, etc)
 - Cost sharing or matching
 - Other non-grant activities
- Must be adjusted to actual no later than the end of the grant period if variance is greater than 5%
- Must have ability to monitor and adjust work plan for individuals

B. Recording Activity

- Must account for 100% of employees compensated time
- Must be completed **at least monthly**
- Must correspond to one or more pay periods
- Residual category need not be documented in detail (it may simply be the lump-sum balance of compensated time)

C. Verifying/Certifying

- Must be signed by either the employee or other responsible individual with knowledge of the employee's activity
- Institution must have a suitable means of verifying the accuracy of the time and effort reports.


D. After-the-Fact Reporting Form

- Federal regulations do not prescribe a specific form or style of reporting, but the time and effort reporting system must include all the elements identified above.
- Time cards or time sheets are acceptable for hourly employees if they meet above criteria.
- Should include a statement similar to “I/we certify that to the best of our knowledge the above allocation of time expended performing Federal, State and other program duties is true and accurate”.
- An example of a classified staff time & effort reporting is provided on the following page.

E. Year-End Reconciling

- If initial payroll costs are recorded in the accounting system based on estimates, they must be reconciled prior to the end of the grant period or fiscal year, whichever comes first.
- If the variance between budget and actual is greater than 5% of the actual, accounting records must be adjusted to reflect actual.

Example of After-the-Fact Report:

EMPLOYEE SEMI-MONTHLY TIME SHEET																					
 1300 Quince St SE, PO Box 42495, Olympia, WA 98504-																					
Name (Last, First, M.I.) Teacher, Tammy Title Instructor ID 123-45-6789																					
From (M/D/Y) 7/1/2007 To (M/D/Y) 7/15/2007																					
Budget	Program Description	Fiscal Year																			
		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Hours	%		
-	ABE/VLP			1.5	1.0													2.5	3.5%	2.5	3.1%
-	EL Civics			1.5	1.0													2.5	3.5%	2.5	3.1%
-	WorkFirst			1.5	1.0	1.0	1.0											11.5	16.0%	11.5	14.4%
-	WorkFirst			1.0	1.5	1.5	1.0	1.0										9.5	13.2%	9.5	11.9%
-	Perkins			1.0	1.5													2.5	3.5%	2.5	3.1%
-	Tech Prep			0.5	1.5			2.5										4.5	6.3%	4.5	5.6%
-	Worker Retraining			1.0	0.5	1.0	2.5											17.5	24.3%	17.5	21.9%
-	Other									5.5	4.5	1.0	1.0	1.5	8.0	8.0	8.0	21.5	29.9%	21.5	26.9%
Total Program Hours				8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	72.0		72.0	
* Fiscal year-to-date beginning July 1		Annual																			
		Sick																			
		Comp																			
		Holiday																			
		Total Paid Hours			8.0																
		Leave Without Pay																			
SECTC 7/1/07																					
Comments:		We certify that to the best of our knowledge the above allocation of time expended performing federal, state and other program duties reasonable is relation to work performed.																			
		Employee Signature _____ Date _____																			
		Immediate Supervisor Signature _____ Date _____																			

2. Plan-Confirmation System

A. Initial Work Plan/Budget

- Must record initial work plan in the accounting system based on estimates by:
 - Individual grant agreement (WorkFirst, Perkins, ABE, etc)
 - Grant category or activity (instruction, administration, direct services, etc)
 - Cost sharing or matching
 - Other non-grant activities
- Initial work plan, budget and assigned work activity must be developed and integrated into college record keeping systems
 - Personnel Action Form/Contract usually serves as the source document
 - Work plan should be shown as \$ and percentage of salary to be charged against individual grant awards, grant categories/activities, accounts use for match and other non-federal activities
 - Must reflect all activity and only activity for which the employee is compensated
 - Must have ability to monitor and adjust work plan in the system. Significant work plan changes must be recorded in college's systems using Personnel Action Forms and/or salary and benefit transfers (adequately supported).

B. Recording Activity

- Activities must be expressed as percentages of total compensated activity
- Percentages must reflect reasonable estimates of time or effort provided
- Must be adjusted to actual at the end of each academic quarter if variance is greater than 5%
- Must account for 100% of employee's time for which they are compensated

C. Verifying/Certifying

- Must be signed by either the employee or other responsible individual with suitable means of verifying work was performed (usually first-hand knowledge).
- Suitable means of verifying work performance may include:
 - Contacting the employee via e-mail or telephone (evidence of verifying, however, must be documented)
 - Contacting the employee's immediate supervisor to confirm assignments
 - Establishing a protocol with the faculty or staff for communicating changes in effort (verification by exception – assuming employee will let you know if there are any changes in effort is not an acceptable method of verification)
- Must certify the reasonableness of salary charges in view of the work performed **once each academic term** (each quarter) which should read like:
“I certify to the best of my knowledge and belief that the salary percentage distribution for the grant projects shown above is reasonable in relation to the work performed.”
- College should create its own procedures and reporting forms containing all the required elements. See next page for a sample Faculty/Staff Effort Certification form.

D. Incidental Work

- Incidental short term work assignments (in addition to regular workload) do not need to be included in the effort certification or the payroll distribution system if:
 - The assignments are short-term in nature (less than an academic term)
 - Short-term fluctuations are acceptable, but distribution must be reasonable over the academic period
 - Cannot be regular on-going duties or compensation
- Must still be separately identified and documented in the institution financial management system

E. Annual Evaluations

- College must perform annual independent internal evaluations to ensure the integrity of the system.
- Relying on external auditors (State Auditors Office, SBCTC Reviewers) does not satisfy this requirement based on recent Federal program reviews

Example of Plan-Confirmation PAR:

**Northwest Community College
Faculty/Staff Effort Certification**

Period: Spring Quarter
Dates: 4/2/2007 6/15/2007
Staff Name Instructor, Izzy A
Dept: Workforce Ed

Salary Budget Sources:

Budget Name:	Budget Acct No			Budget Amt	% Effort
Budgeted					
Grant(s) & Contract(s)					
WorkFirst - Admin	145	100	3661	\$1,000	25
WorkFirst - Instruct	145	100	3661	1,000	25
Job Skills Program – Instruct	145	100	3576	800	20
Other Salary Sources					
All other	001	101	3264	\$1,200	30
Average Monthly Total				\$4,000.00	100%

Actual Effort

Grant(s) & Contract(s)					
WorkFirst - Admin	145	100	3661		_____
WorkFirst - Instruct	145	100	3661		_____
Job Skills Program – Instruct	145	100	3576		_____
Other Salary Sources					
All other	001	101	3264		_____
Average Monthly Total					100%

I certify that this report reasonably reflects the activities for which I, or an employee for whom I have a suitable means of verifying that the work was performed, am/is compensated from Northwest Community College for the period covered by this report.

Signature: _____ Date: _____

3. Multiple Plan-Confirmation System

- The Multiple Plan-Confirmation System is virtually identical to the Plan-Confirmation System
- Rather than maintain one certification for each professorial or professional employee, a separate confirmation is maintained for each grant project, activity or cost center
- Institution must still account for 100% of the time or effort for which each professorial or professional employee is compensated

Multiple Plan-Certification Example: Izzy A Instructor is a full-time faculty assigned to teach a WorkFirst CJST class (25%), a Perkins Office Technologies class (25%), a state-funded Worker Retraining class (20%) and to develop the curriculum for a state-funded class (30%). In the Multiple-Plan system, the institution would be required to maintain **three (3) separate Effort Certifications:**

1. **WorkFirst Certification (25%)** – signed by either the faculty, WorkFirst director or other responsible person.
2. **Perkins Certification (25%)** – signed by either the faculty, Perkins director or other responsible person.
3. **Other Certification (50%)** - signed by either the faculty or other responsible person.

- The college may create their own forms
- May use multiple PS1545A 'Contract and Grant Certification' reports.

REPORTS PAYROLL PROCESSING

CONTRACT AND GRANT CERTIFICATION REPORT (PS1545A)

EMPLOYEE ID	EMPLOYEE NAME	ACCOUNT DISTRIBUTION	SEQ CD	STAFF MONTHS	GROSS PAY	DASI	RETIREMENT	MEDICAL AID	INDUST INSUR	HEALTH INSUR
		145-111-1H12-AD-00-	20	0.34	431.15	32.94	0.00	2.34	2.83	0.00
TOTAL SUBOBJECT		145-111-1H12-AD		0.34	431.15	32.94	0.00	2.34	2.83	0.00
TOTAL PROGRAM/ORGANIZATION		145-111-1H12		0.34	431.15	32.94	0.00	2.34	2.83	0.00

I HEREBY CERTIFY THAT, EXCEPT AS NOTED, THE ITEMS LISTED ABOVE REPRESENT TRUE AND CORRECT STATEMENTS OF EFFORT, ARE PROPER CHARGES TO THE FEDERAL AGREEMENT CONCERNED, AND ARE IN COMPLIANCE WITH PUBLIC LAW, REGULATIONS, AND CONTRACTS ISSUED THEREUNDER.

SIGNED: _____ TITLE: _____ DATE: _____

ADDITIONAL INFORMATION

For additional information please contact:

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