

TIME & EFFORT REPORTING

Semi-Annual Certification and PARs (personnel activity reports)

OMB Circular A-87 Rule – 2 CFR PART 225—COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS (OMB CIRCULAR

8. Compensation for Personnel Services

<http://www.whitehouse.gov/omb/rewrite/circulars/a087/a087-all.html#attb>

The Rule

If an employee is paid with federal funds (IDEA, Title I or Perkins), then it must be demonstrated that the employee worked on that specific grant program. If federal funds are used for salaries, then “time distribution records” are required.

Who must keep “time distribution records”?

- ANY employee working on a federal program (*Not contractors or personnel listed as a 300 – purchase services*)
- ALL employees paid with federal funds

Two types of “time distribution records” based on work not how the employee is funded.

1. Single Cost Objective (an employee works 100% on a single activity, i.e. special education)

- Semi-annual certification statement signed every six months by employee OR supervisor.

2. Multiple Cost Objectives (an employee works on multiple activities, i.e. special education and regular education)

- If an employee has multiple job responsibilities, the employee MUST maintain **Personnel Activity Reports (PARs)** which are signed *every month* by the employee

What are Semi-Annual Certifications?

A statement signed by the employee or supervisor with first-hand knowledge that the employee(s) funded by the grant spends 100% of his/her employment working on the objective directed by the federal project. **It must be after the fact - signed in January for period from July 1- December 31 and in July for the period from January 1 - June 30.**

What are PARs?

Monthly detailed reports demonstrating that the amount of time charged to the grant is the amount of time the individual worked on the project’s objective (as an example, the amount of time a school psychologist works with special education).

PARs must:

- Be completed after-the-fact (this has been stressed by OMB)
- Be completed *at least* monthly and signed and dated by the employee
- Must account for total activity of the employee
- Kept on record by the LEA

PARs Documentation

- There must be documentation to verify the underlying basis of the personnel activity report.
- Actual effort, not estimated effort
- Consult supporting documentation when completing a monthly report
- Calendar, lesson plans, work product, time log , etc.
- Audits have specifically looked at what documentation /system was used to complete the PARs
- **Even if allowable activities are completed and done according to the approved grant application, a lack of documentation supporting Personnel Activity Reports may render the activities NON-ALLOWABLE and subject to repayment.**

PARS and Grant Budgets - Comparisons and Adjustments

- Quarterly comparisons of actual costs to budgeted distributions
- If a difference between actual costs and budgeted amount is 10% or greater, then adjustments must be made at least quarterly
- If difference is less than 10% then the adjustment is made at the end of the fiscal year with last payroll

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2 CFR PART 225—COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL
GOVERNMENTS (OMB CIRCULAR A-87)

8. Compensation for personal services.

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

(1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

(2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.

(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h. (5) of this appendix unless a statistical sampling system (see subsection 8.h.(6) of this appendix) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) 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:
 - (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
 - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

Single Cost Objective – Semi-Annual Certification

An individual who has a “single cost objective” has a position that is dedicated to a singular purpose. For instance, a special education teacher who only teaches and works with special education students is considered to have a single cost objective. A semi-annual certification would be needed to be signed off twice a year (every six months) by the employee or a supervisor with first-hand knowledge of the employee’s work.

A semi-annual certification should identify:

- Employer’s Name Federal Program Reporting Period
- Employee’s Name Employee Position Single Cost Objective

Example signed by employee: My School District Semi-Annual Certification Form

Employee: Harry Repsher Title: Special Education Teacher
Federal Program: IDEA CFDA: 84.024
Reporting Period: July 1 to December 31, 2010 Fiscal Year: 2011

I have worked 100% under the following single cost objective: Ensure that all children with disabilities ages 3-21 have available to them a free appropriate public education that emphasizes special education and related services designed to meet their unique needs.

Signature: *Harry Repsher* Date: 1/15/2011(**IMPORTANT**- Sign and date after the fact)

The above semi-annual certification example is signed by the employee. OMB Circular A-87 also allows the semi-annual certification to be signed by a supervisor with direct or first-hand knowledge of the employee’s activities. LEAs can use this flexibility to create certifications for several employees in a single document that is signed by the principal or supervisor.

Example signed by a supervisor: My School District Semi-Annual Certification Form

This is to certify that the following individuals have worked 100% of their time under IDEA 84.024 and/or 84.173 for the following single cost objective: Ensure that all children with disabilities ages 3-21 have available to them a free appropriate public education that emphasizes special education and related services designed to meet their unique needs. Check 1. XX_ July 1 - December 31, 2010 2. ____ January 1 – June 30, 2011.

School: Smith Elementary

Names:	Position:
Frank Newton	Interpreter for the Deaf/Hard of Hearing
Jan Stewart	Speech and Language Pathologist
Jane Jones	LD Paraprofessional
Jason Smith	Deaf/Hard of Hearing Paraprofessional
Lana Howard	Preschool teacher

I have first-hand knowledge of the work performed by these individuals.

Principal’s Signature: *Harry Repsher* Date: 1/15/2011(**IMPORTANT**- Sign and date after the fact)

Other semi-annual certifications with single cost objective examples (remember that time and effort reporting is based on the cost objective not fund source):

1. A teacher providing only special education services 100% of the day is charged to IDEA and state grant.
2. Multiple funding sources – a special education preschool teacher is funded with IDEA, Federal and/or State but has a single cost objective of special education preschool teacher, therefore, a semi-annual certification.
3. Special education director is 50% state and 50% IDEA but only doing special education activities.
4. Secretary/clerk works for the special education team 100% but funded with IDEA and local funds.
5. If an employee works in two distinct positions - a special education paraprofessional during the day and a bus monitor after school, each position is evaluated separately to determine if time and effort reporting is required. If the school day position is paid with federal funds and the after school position is paid with nonfederal funds, then a semi-annual certification is required for the school day but not the after school position. If both positions are paid with federal funds, then two separate records for the two positions are kept.
6. If a teacher works a single position or job and some extended time was added to the job – speech and language pathologist teaches all day and some preschool IEP students are seen at a Head Start facility after school hours then time and effort records are used for the entire compensation from the base teacher contract, a supplemental contract or a stipend.

Multiple Cost Objective – Personal Activity Reports (PARs)

An individual who serves different student populations needs to complete a monthly log or personnel Activity Report. PARs need to be completed at least monthly, after the work has been completed. It must reflect the individual's total work time and identify the portion of time spent on the federal project. The PAR must be signed by the employee and supported with documentation of actual effort, not estimates. Supporting documentation could be a work calendar, work product, time log, class schedule or class plans. Estimates rather than actual time recorded through a work calendar or class schedule will result in an audit or monitoring finding of unallowable costs.

A school psychologist is funded by IDEA and state funds. Since she works with special education as well as regular education students, she has multiple cost objectives. The monthly PARs would document 100% of the work schedule to identify the specific amount of time working with students with disabilities and the special education programs as well as time working on 'nonfederal activities' (local or state). Therefore, a record must be created after the work has been executed for the total activities she is compensated to including part-time schedules or overtime. It would be prepared each month to coincide with one or more pay periods and must be signed and dated by the employee (also, supervisor may sign based on policy and procedures of the district).

My School District Personnel Activity Report Form

Employee: Harry Repsher Title: School Psychologist
 Federal Program: IDEA CFDA: 84.024
 Reporting Period: January 1-30, 2011 Fiscal Year: 2011

Cost Objective	Program	Distribution of Time	# of Hours of Time
Special Education	IDEA	70%	123 hours – supporting documents
Regular Education	Nonfederal	30%	53 hours <u>needed for these hours</u>
		100%	176 – Total hours worked

Signature: *Harry Repsher*

Date: 2/3/2011 (signed and dated after the fact)

Other PARs examples (remember that time and effort reporting based on cost objective):

1. An individual could be charged to a single federal funding source but have multiple cost objectives. This may occur with IDEA funding if a teacher or school psychologist is charged to the regular IDEA grant to work with students with disabilities and also to the CEIS portion of the grant to work with regular education students. Need to verify the set aside portion for CEIS.
2. IDEA requires that each LEA set aside a proportionate share of federal funds to provide equitable services to parentally placed private school students with disabilities. If a speech and language pathologist spends 95% in the public school and 5% for private and home school students with disabilities, a PAR would be needed to capture this time to ensure the LEA's equitable set aside is met. Remember that there is a sub-grant for proportionate share funds on the completion report and auditors would need to verify this set aside.
3. Secretary/clerk provides support to the special education staff and to another regular program administrator. Since the activities are not the same, two cost objectives are reported and a PAR is required monthly.
4. A paraprofessional works 50% with students with disabilities and 50% with Title I. Since two fund sources are intended for different purposes, two cost objectives are reported and a PAR is required monthly.
5. An individual is project director for PBIS grant and also charged to the IDEA grant for services to students with disabilities. If the focus of the PBIS grant is for all students then two cost objectives are reported and a PAR is required.

Time and Effort Reporting and Payroll Claims

If payroll is process based on budgeted or estimated time and activities, then payroll records must be compared to the time and effort reports at least quarterly. If the difference between the estimated and actual activity is greater than 10%, then payroll charges must be adjusted at this time and subsequent quarters to reflect the actual activity. If the difference is less than 10%, the adjustment can be made at the end of the year. However, the final payroll charges for the year must be adjusted to reflect actual time spent as supported by the time and effort reports.

Consequences

The lack of time and effort reporting is the single largest audit finding by the U.S. Office of Inspector General (OIG) and by Georgia state auditors. Costs that do not have adequate documentation are deemed "unallowable" and subject to repayment. Auditors will cite provisions from OMB A-87, *Cost Principals for Determining Allowable Cost* require that salaries be documented for semi-annual certification and/or personal activity report and the questioned costs – example from an LEA last year \$501,939 in questioned costs. In addition, auditors make a recommendation that the school system ensure that all components of the time records are included for all individuals charged to the special education grant.