Wyoming Department of Education (WDE)
Federal Programs Time Distribution Policies

Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time and Effort Documentation Requirements</td>
<td>2</td>
</tr>
<tr>
<td>Uniform Grant Guidance</td>
<td>2</td>
</tr>
<tr>
<td>Internal Controls</td>
<td>3</td>
</tr>
<tr>
<td>Cost Objectives</td>
<td>3</td>
</tr>
<tr>
<td>Semi-Annual Certifications</td>
<td>4</td>
</tr>
<tr>
<td>Personnel Activity Report (PAR)</td>
<td>4</td>
</tr>
<tr>
<td>Blanket Certifications</td>
<td>5</td>
</tr>
<tr>
<td>Stipend/Extra Duty Pay</td>
<td>5</td>
</tr>
<tr>
<td>Digital Signatures</td>
<td>6</td>
</tr>
<tr>
<td>Reconciliation</td>
<td>6</td>
</tr>
</tbody>
</table>
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, or related benefits to be allowable to a federal award, the Uniform Grant Guidance 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 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. Time distribution records are in addition to the standards for payroll documentation.

Uniform Grant Guidance

On December 19, 2014, the Uniform Grant Guidance 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:

- Be incorporated into official records (written policy and procedures)
- Reasonably reflect the employee’s total activity
  - They cannot include time that an employee is not compensated for and cannot exceed 100%
- Include both Federally assisted and all other activities compensated on an integrated basis
- Comply with accounting principles and practices; and
- Support the distribution of salary and wages among specific activities or cost objectives if an employee works on more than one award or activity

These documents, known as time and effort 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 grants.
Uniform Grant Guidance requires compensation must 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 grants/programs 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 § 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**

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.
**Semi-Annual Certifications**

A semi-annual certification 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 salary must be supported by periodic certifications that an employee worked only on that cost objective for the period covered by the certification. Semi-annual certifications must be completed every 6 months and signed after the fact by the employee and/or a supervisor who has firsthand knowledge of the employee’s work. Semi-annual certifications must be maintained by the LEA.

**What MUST be included in the semi-annual certification?**

1. School/District
2. Employee name
3. Indicate no more or less than 100% of time spent
4. Cost objective worked on
5. Period covered, e.g. January 1, 2019 - June 30, 2019
6. Signature of employee and/or supervisor and date within 10 days

If certifying every 6 months, semi-annual certifications 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 the semi-annual certification for periods shorter than 6 months, which may be helpful when an employee’s contract is for less than 6 months, if preferred; however all of the time worked must be accounted for regardless of the time period selected. In the event of an employee leaving prior to the end of the six month period, it is required that when an employee exits a semi-annual certification is signed within ten days of termination date.

**Personnel Activity Report (PAR)**

A personnel activity report summarizes an employee’s total effort for the reporting period if an amount has been changed to a Federal award. It serves to record that work has been completed by an employee. A PAR must account for 100% of the activities that the employee performed during a pay period. They should be prepared at least monthly and coincide with one or more pay periods. LEA’s may adapt timesheets to meet PAR requirements.

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 in a PAR?

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

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 form, the direct supervisor should note that on the employee signature line (along with why the employee is unable to sign) and then the direct supervisor must sign the form.

If completing a PAR, WDE requires the LEA to use the sample forms provided in the attachments. Districts may develop and utilize their own forms, but the form must contain all of the required information for a PAR. A time sheet may be used in lieu of a separate PAR 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.

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. Indicate no more or less than 100% of time spent
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 federal funding 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, even if they come from the same cost objective. A semi-annual certification should be completed for stipend and extra duty work, if for a single cost objective. If the stipend or extra duty work is for multiple cost objectives, a PAR should be completed. This is in addition to the time and effort documentation completed for an individual’s regular work.
**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 and a secret password). The WDE recommends the LEA contact the Consolidated Grants Supervisor to ensure the tool for electronic signatures being considered for purchase is secure with the appropriate internal controls prior to purchase.

**Reconciliation**

It is critical for payroll charges to match the actual distribution of time recorded on the semi-annual certifications or PARs. 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

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.

¹Please note that during an audit, the district may be asked to provide supporting documentation for semi-annual certifications, PARS, or blanket certifications. 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.