

**POLICY TITLE: WRITTEN COMPENSATION PROCEDURE (TIME AND EFFORT)**

**PURPOSE**

This policy and its accompanying procedure establish the requirements and guidelines for time and effort reporting and management of effort commitments for Canyon-Owyhee School Service Agency (COSSA) regarding federally-funded programs/projects.

Federal requirements provide that salaries and benefits charged to a federal award(s) must be based on appropriate documentation. Effort reporting is a required process by the federal government to verify that direct charges for salaries and benefits to federally sponsored programs are reasonable and reflect actual work performed. This requirement applies to all federal awards and sub-awards, including those received directly from the federal government, unless specifically exempted by the Office of Management and Budget (OMB).

**TIME AND EFFORT REPORTING PROCEDURES**

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent 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. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.

The District’s records will accurately reflect the work performed. These records must:

1. Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
4. Encompass both federally assisted and all other activities compensated by the District on an integrated basis;
5. Comply with the established accounting policies and practices of the District; and,
6. Support the distribution of the employee’s salary or wages among specific activities or costs objectives.

Federal programs staff work in multiple programs and are paid from multiple federal awards. The initial budget for program personnel is determined according the relative

percentage of the total of allocations of programs in which the staff member works. Each pay period, the staff member's salary and benefits are calculated and paid according to those initial budget percentages.

At the end of each quarter, the staff member will submit a certification of actual hours worked in each federal program during that quarter. The certification will be signed by the employee and by the business manager or other District staff with after-the-fact knowledge of the employee's activities.

The business manager will reconcile the certification of actual work performed to budgeted amounts and will make corresponding journal entries that reflect actual hours worked in and allowable activities of each federal program.

If an employee works exclusively in a single federal program, that employee will, at least semi-annually, complete Form 7235-1 Federal Funds Semi-Annual Certification Form. The form must be completed at least twice each year and signed by the employee and staff member with after-the-fact knowledge of the employee's activities.

Federal programs staffs who work in multiple programs and are paid from multiple federal awards with no fixed schedule shall complete a Form 7235-2, Personnel Activity Report.

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

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation unless a statistical sampling system or other substitute system has been approved by the Federal agency granting the funds. Such documentary support is required where employees work 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 activities which are allocated using different allocation bases, or
- An unallowable activity and a direct or indirect cost activity.

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

- Reflect an after-the-fact distribution of the actual activity of each employee,
- Account for the total activity for which each employee is compensated,
- Be prepared at least monthly and must coincide with one or more pay periods, and
- Be signed by the employee.

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 following is met:

- The system utilized for establishing the estimate produces reasonable approximations of the activity actually performed;
- 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
- The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

Time and effort documentation must be maintained for stipends, supplemental contracts, and/or extra duty hours. Such documentation may include:

- Sign-in/attendance logs for extra hour pay related to a single cost objective.
- A signed supplemental contract that stipulates a specific single cost objective duty/assignment.
- A stipend for performing a specific single cost objective responsibility, so long as the employee signs either the stipend or an after-the-fact certification of performance.
- Multiple cost objective supplemental contracts/stipends must be supported by time and effort reports documenting actual time spent on each objective.

Failure to verify time and effort within the certification period or improper allocation of employee's time according to contractual agreement can lead to breach of contractual agreement, loss of future awards, and adverse public image. Criminal charges may be brought against an individual who certifies a falsified report (Federal False Claims Act).

## **DEFINITIONS**

### Documentation

Timesheets and any other documentation that supports the transaction.

### Effort

Actual amount of time spent by an employee on a sponsored project. Effort is

expressed as a percentage of the total amount of time spent on work-related activities for which the employee is compensated. It is not defined as percentage of a 40-hour workweek or any other standard workweek since the number of hours each week may vary. All effort must equal 100%.

#### Effort Reporting

The method of certifying to the granting agencies that the effort required as a condition of the award has actually been completed and that salaries and wages charged to each sponsored agreement are reasonable in relation to the actual work performed.

#### OMB Circular

A circular published by the federal Office of Management and Budget (OMB).

#### Personnel Activity Reports (PAR) or Equivalent Documentation

Documentation that meets specific federal standards.

#### Sponsored Program/Project

An externally-funded activity that is separately budgeted and accounted for and governed by specific terms and conditions of the sponsoring organization. A sponsored program may be in the form of grants, contracts, or cooperative agreements for research, instruction, and public service activities.

#### Single Cost Objective

A single work activity may be funded by one or more funding sources. Single cost objectives include a single federal grant award or a combination of federal special education and state special education program funds.

#### **LEGAL REFERENCE:**

**OMB A-21 Revised 05/10/04, Cost Principles for Educational Institutions**

[http://www.whitehouse.gov/omb/circulars\\_a021\\_2004](http://www.whitehouse.gov/omb/circulars_a021_2004)

**OMB A-87 Revised, Cost Principles for State, Local, and Indian Tribal Governments**

[http://www.whitehouse.gov/omb/circulars\\_a087\\_2004/](http://www.whitehouse.gov/omb/circulars_a087_2004/)

#### **ADOPTED:**

**11/19/2012 (as Policy 506)**

**Revised and Reissued April 15, 2019 (as Policy 7235)**

**Reissued: June 21, 2021**

**Form 7235-1  
Canyon-Owyhee School Service Agency (COSSA)  
Employee  
Certification/Assurance**

Federal Funds Semi-Annual Certification Form

Employee: \_\_\_\_\_

Position: \_\_\_\_\_

Reporting Period: \_\_\_\_\_

Cost Objective (Program Activity)	Grant Program	Fund Code – Function Code	Distribution of Time (Percentage of Hours)

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Reviewed by supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

**Form 7235-2**  
**Canyon-Owyhee School Service Agency (COSSA)**  
**Personnel Activity Report**

Multiple Cost Objective Time and Effort Certification

Employee: \_\_\_\_\_ Position: \_\_\_\_\_

Reporting Period: \_\_\_\_\_

Cost Objective (Program Activity)	Grant Program	Fund Code – Function Code	Distribution of Time (Percentage of Hours)

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Reviewed by supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

**Form 7235-3  
Canyon-Owyhee School Service Agency (COSSA)  
Personnel Activity Report**

Personnel Activity Report

LEA Name: \_\_\_\_\_ For the Month of: \_\_\_\_\_  
 Employee: \_\_\_\_\_ Year: \_\_\_\_\_  
 Position: \_\_\_\_\_  
 Supervisor: \_\_\_\_\_

Cost Objective or Program Activity	Grant – Fund Code	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total	%
Leave Time																			
TOTAL																			

I certify that the hours reported above are a true representation of work performed.  
 Employee signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Immediate Supervisor signature: \_\_\_\_\_ Date: \_\_\_\_\_