

Staff Time and Effort Reporting Tool

For staff that work on multiple cost objectives, personnel costs must be allocated proportionally between all the different programs administered by the VR agency, and other programs staff work on within the designated State agency (DSA) even if outside the designated Staff unit (DSU) or included in the indirect cost rate or cost plan.

In the past, guidance referenced that personnel cost activities required certified personnel reports for individuals working 100% on one activity. Sometimes, agencies referred to these as PARS (personal activity reports). While PARS are not specifically required, you are required to ensure that your time and effort record-keeping meets the standards cited in regulation. However, [2 CFR 200.430 \(i\)\(8\)](#) states that the Federal Government may require PARS if you do not meet the standards described in this section. This citation is referenced below.

It is important to have a policy/procedure that outlines the agency's practices for reporting time and effort. This policy/procedure should include internal controls to ensure the process is evaluated, and it should outline how and when training will be conducted with all employees to ensure the proper allocation of staff time.

Key Definition

[2 CFR 200.1 Definitions](#)

Cost objective means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, projects, jobs, and capitalized projects, etc. A cost objective may be a major function of the non-Federal entity, a particular service or project, a Federal award, or an indirect (Facilities & Administrative (F&A)) cost activity, as described in subpart E of this part.

For VR, it is important to note that the cost objectives include the Supported Employment grant, the Older Individuals who are Blind grant, Independent Living, the VR 110 Basic grant, and a subset is pre-employment transition services separated by required/coordination and authorized activities.

Regulatory Citations

[34 CFR 76.707 When obligations are made](#)

(b)Personal services by an employee of the state or subgrantee. The obligation is made when the services are performed.

[34 CFR 361.12 Methods of administration](#)

The State plan, regardless of whether it's a Unified or Combined plan, must assure that the State agency, and the DSU, if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part.

These methods must include procedures to ensure accurate data collection and financial accountability.

2 CFR 200.403(d) Factors affecting allowability of costs

Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. *(This pertains to the consistency with which you apply the costs such as payroll. If an agency determines that a cost is indirect in one case, that cost must be indirect in all similar cases.)*

2 CFR 200.405 Allocable costs

For costs to be allocable to a program, the cost must be relative to the benefit received. This is true of time and effort reporting. Time and effort reports are required to document that Federal funds were charged only for time actually worked on allowable cost activities and ensure that federal programs paid only their proportionate share of personnel costs. For example, since administrative costs cannot be charged to the reserve requirement for pre-employment transition services (pre-ETS), staff must not charge any time spent on administrative activities to the reserve. This would include any state mandated training that is not for sole benefit of serving students with disabilities, such as ethics and sexual harassment training that is typically mandatory training in the state.

2 CFR 200.413(c) Direct costs

Salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs is only appropriate if the following four conditions are met:

- (1) Administrative or clerical services are integral to a project or activity;
- (2) Individuals involved can be specifically identified with the project or activity;
- (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- (4) The costs are not also recovered as indirect costs.

8(i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of Institutional Base Salary, or IBS);
- (iv) Encompass Federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

- (v) Comply with the established accounting policies and practices of the non-Federal entity (*See paragraph (h)(1)(ii)*¹ for treatment of incidental work for IHEs.); and
- (vi) [Reserved]
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and 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.
- (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short-term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly.
- (2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.
- (3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.
- (4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

¹ (ii) Incidental activities. Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) need not be included in the records described in paragraph (i) of this section to directly charge payments of incidental activities, such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency.

- (5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed.
 - (i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:
 - (A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;
 - (B) The entire time period involved must be covered by the sample; and
 - (C) The results must be statistically valid and applied to the period being sampled.
 - (ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.
 - (iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.
- (6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.
- (7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.
- (8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

VR-Specific Considerations

There are some nuances within VR that you should take into account as you address your written policies and procedures for staff time and effort reporting.

- (1) **Directors.** Since directors are ultimately responsible for all the various programs under the purview of their control, it is important to understand the regulatory requirements to ensure that you are appropriately allocating time. Since directors are fluidly managing activities across cost objectives, some states have found it easier to handle director salaries within the indirect cost rate. By doing this, agencies minimize the risk of inconsistent cost treatments and ensure compliance with [2 CFR 200.403\(d\) Factors affecting allowability of costs](#).
- (2) **Staff working across cost objectives.** It is important to give staff clear instructions when they perform duties that go across cost objectives.
 - (A) For example, a pre-employment transition services counselor will need to track the time they spend providing or arranging for the required pre-employment transition services and carrying out the four coordination activities (these can be reported together). Time spent on the additional authorized services must be tracked separately from time spent on required and coordination activities if the agency has determined funds remain. (This is especially important as you will need to report agency-provided pre-employment transition services expenditures on the RSA-17.) Also, see the [Time Allocation Guide for Pre-Employment Transition Services](#) for additional information.
 - (B) Additionally, this is the same for staff that may work between the OIB program and general VR, or SE. You want to ensure that you have established payroll codes or tracking that allow for the separation and allocation of this staff effort to the appropriate cost objective.
 - (C) Ensure that Staff understands that the time allocated and charged to the VR program can only be time spent for the benefit of the VR program. For example, if the staff of the DSU/VR program is benefiting more than just VR program (e.g., a portion of their time is divided between processing UI claims and providing benefits counseling or other services to participants who are not with the VR program), the portion of the staff member's work that is non-VR cannot be charged to the VR program.
- (3) **Allocation of leave time.** Leave must be allocated in proportion to the amount of time worked on the program, including estimations if utilized as a method. For staff working across multiple cost objectives, agencies must have policies or procedures that detail how leave time is allocated. The basis upon which the allocation occurs should be larger than a single pay period. *(You need a larger period of time than a two-week pay period to calculate this.)* This is necessary because there can be anomalies in the effort that fluctuate throughout the year. If you randomly allocate all the vacation leave

taken in a two-week payroll period to the cost objective most worked that pay period, the allocation will not be based on a true picture of staff effort per cost objective over the longer course of time worked. Additionally, since staff may not work on all programs or cost objectives during pay periods that they take leave, allocation of leave on a larger time sample helps ensure all benefitting programs are charged a fair share of leave costs. If estimations are utilized, it is imperative to build in a process for reviewing actual time spent after the fact. A reconciliation process must be applied for consideration of adjustments necessary to represent a proper and reasonable allocation to the award.

Verification of Time and Effort

Include a process on how staff time is verified. Some payroll systems have an acknowledgment that staff click to state the time reported is true and correct. They typically also have a supervisory level of review and approval prior to submission for payment. This decreases the likelihood of time and effort being reported erroneously.

- Additionally, some agencies use the backup of a Microsoft Outlook or another calendar system to record customer appointments and the work the VR staff is doing to provide backup documentation for the time reporting records. This can be especially helpful for those counselors working both a pre-ETS and general caseload. If the agency chooses to use this method, ensure that staff are consistently and thoroughly recording all appointments and time spent on various work activities, and that supervisors are reviewing these records prior to approving timesheets.
 - For example, simply recording the pre-employment transition services appointments that deal with coordination and required activities in Outlook and then stating the rest of the open schedule in Outlook is spent with the OIB customers would not be sufficient supporting documentation of time and effort. Details are necessary for validation purposes.

Internal Controls

All internal controls should be in writing to ensure clarity and consistency.

- How is time reconciled? Estimates alone do not suffice; time has to be reconciled.
- What is the process for correcting inaccurate time reporting?
- What is the process for addressing fraudulent time reporting?
- What is the process for splitting time as the Federal fiscal year changes (September to October) to ensure it is in the correct period of performance?
- How and when are staff trained on this?