



FACT SHEET

TIME & EFFORT



As a pass-through entity for Federal Education funds, the Nebraska Department of Education (NDE) is providing this **Time & Effort Fact Sheet** to assist Federal program subrecipients in the management of documentation of personnel expenses and after-the-fact reviews of budget estimates. This is commonly called time and effort reporting.

This information is being provided by the NDE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at [Electronic Code of Federal Regulations \(eCFR\)](#) when developing and implementing policies for time & effort.

Subrecipients of Federal funds are solely responsible for meeting all applicable Federal regulations.

This document is not a substitute for the advice of your own attorney and/or law firm licensed to practice law in the state of Nebraska. In reading and applying Federal law, the NDE recommends LEAs seek and obtain the advice of counsel with questions of application, interpretation, and/or to ensure that use of this information is appropriate to your particular situation.

Federal Requirements

[2 CFR 200.430\(h\)-\(i\)](#) requires a subrecipient's payroll records ensure that their system of internal controls is adequate to:

- Ensure that matching funds follow the same policies and procedures as Federal funds.
- Provide reasonable assurance that payroll costs are properly allocated and accurately charged.
- Determine whether there is documentation to support the distribution of an employee's salary among different funding sources, Federal awards, or other activities.
- Provide a system for establishing budget estimates are reasonable approximations of activity performed.
- Support the process to review interim charges after-the-fact and make needed adjustments.

Written Policy and Procedure Expectations

To provide reasonable assurance that the payroll costs charged to Federal awards are accurate, allowable, and properly allocated across multiple awards or activities, subrecipients will have:

1. Written policies and procedures for Federal grant-funded personnel that:
 - a. Contain documentation requirements (source documentation), including prescribed measurement and tracking methods, for staff effort and the sources of funds from which they are being paid. The measurement method should be consistent across staff classifications. Tracking methods should tie back to and support subrecipient systems (e.g., effort reports).
 - b. Identify who will certify effort reports if applicable.
 - c. Identify who has oversight over reviewing, approving, tracking, and allocations.
 - d. Contain clear procedures to adjust effort levels when appointments change.
 - e. Written policies and procedures for accounting staff regarding the after-the-fact review of interim charges based on budgeted estimates.
2. Under [2 CFR 200.430\(i\)\(1\)\(viii\)](#), estimates determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim charges.



3. There must be a process to review after-the-fact interim charges made to Federal awards based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Stipend, Merit Pay, or Bonus Under Federal Awards

A stipend, merit pay, or bonus under federal awards are:

- predetermined, one-time, fixed amounts,
- listed in school districts policies,
- for individuals pursuing unpaid work or to offset one-time expenses (i.e., COVID related professional training learning experience outside of contracted work hours),
- for employees not on the payroll or for actual additional hours/services performed, and
- outside of regularly scheduled contractual or policy work hours.

As with all federal funds, **ESSER funds may only be used to pay staff for work that has actually occurred. Therefore, LEAs must ensure that the work on allowable activities occurred through proper time and effort documentation.** Stating all staff will receive stipends (**regardless of whether the work was performed and documented**) will likely result in audit risk and noncompliance.

While across the board stipends are not permitted (as “universal” or “across the board” does not in and of itself demonstrate sufficient documentation), LEAs may pay staff for COVID-related additional work/hours that has been documented. Most, if not all, staff likely had extra responsibilities or additional training which required additional time and effort to respond to the pandemic. ESSER funds can be used to pay staff for that work and LEAs are responsible for documenting (with internal controls) that this work occurred. The additional time and effort can be demonstrated through actual work occurring beyond regular scheduled policy or contractual work hours. **This is consistent with guidance on all salary and stipend payments with all federal funds.**

For example, internal controls necessary for additional compensation to teachers and other staff which had additional hours due outside of contractual hours for training/professional development to be an allowable expenditure under federal ESSER funds would include, but not limited to:

- Written documentation at the time of the ESSER I, II, or III expenditure supporting the following:
 - Did the expenditure occur on or after March 13, 2020?
 - How did the expenditure allow the district to prevent, prepare for, or respond to coronavirus (i.e., the stated purpose of the Educational Stabilization Fund from which the ESSER I,II, and III grants were provided)?
 - Was the expenditure necessary to prevent, prepare for, or respond to coronavirus (2 CFR § 200.403(a))?
 - Was the cost considered “reasonable” under 2 CFR section 200.404 (i.e., its nature and amount does not exceed that which would be incurred by a prudent person under the circumstances at the time the decision was made to incur the cost)?
 - Is the expenditure allocable to the ESSER I and II grants (2 CFR § 200.405)?
- Documentation that the additional work actually occurred outside of a staff member’s contractual or district policy ‘scheduled work hours’.
- A sign in roaster to support whom attended the meeting.
- A sign off from the building principal to support that this individual also witnessed those teachers in fact attended the training.
- Proper time and effort reporting for each faculty or staff

The purpose of time and effort recording is to provide documentation showing of the time spent working on specific federal programs to ensure charges are accurate for each program. Time and effort records do not necessarily need to be personnel activity reports (PARs).



Other ways to record time and effort include, but are not limited to:

- A schedule
- Hourly or percent of the distribution of time spent

Time and effort records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- Be incorporated into the official records of the non-federal entity.
- Reasonably reflect the total activity for which the employee is compensated by the non-federal entity, not exceeding 100% of compensated activities.
- Encompass both 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. For example, if a 1.0 FTE employee is partially funded with federal funds, the time and effort records must include both federal and non-federal activities.
- Comply with the established accounting policies and practices of the non-federal entity.
- 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. Part 200 clarifies that time can be expressed as a percentage distribution among cost objectives versus the number of actual hours worked – while this was accepted in the past, it was not explicitly permissible. 2 CFR 200.430(l) (1)(ix).

Federal Compliance Monitoring

As part of the NDE's annual Federal Compliance Monitoring program, staff from the NDE may review time and effort records. The Grant Compliance Auditors will use the requirements of 2 CFR 200 and other applicable Federal Codes and requirements when completing such reviews.

Technical Assistance

Please feel free to contact the Grants Compliance staff should you have any questions relative to the contents of this document.

Tom Goeschel

*Director of Grants Compliance
Office of Budget & Grants Management
500 S. 84th St., 2nd Floor
Lincoln, NE 68510-2611
P: (402) 890-8912
E: tom.goeschel@nebraska.gov*

Merci Suarez

*Grants Compliance Specialist
Office of Budget & Grants Management
500 S. 84th St., 2nd Floor
Lincoln, NE 68510-2611
P: (402) 937-3241
E: merci.suarez@nebraska.gov*

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