



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.

Please utilize our Time & Effort Templates located on the [Grants Management Fiscal Monitoring webpage](#).

Federal Requirements

In accordance with [2 CFR 200.430\(g\)](#) The recipient and subrecipient must:

(g) ***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 that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the recipient or subrecipient;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient, not exceeding 100 percent of compensated activities (for IHEs, this is the IBS);
 - (iv) Encompass federally-assisted and all other activities compensated by the recipient or subrecipient on an integrated basis but may include the use of subsidiary records as defined in the recipient's or subrecipient's written policy;

(v) Comply with the established accounting policies and procedures of the recipient or subrecipient (See [paragraph \(i\)\(1\)\(ii\)](#) of this section for treatment of incidental work for IHEs.); and

(vi) 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 allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(vii) Budget estimates (meaning, 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 performed;

(B) Significant changes in the related work activity (as defined by the recipient's or subrecipient's written policies) are promptly identified and entered into the records. Short-term (such as one or two months) fluctuations between workload categories do not need to be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(C) The recipient's or subrecipient's system of internal controls includes processes to perform periodic after-the-fact reviews of interim charges made to a Federal award based on budget estimates. All necessary adjustments must be made so that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(viii) Because practices vary as to the activity constituting a full workload (for example, the Institutional Base Salary (IBS) for IHEs), records may reflect categories of activities expressed as a percentage distribution of total activities.

(ix) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. Therefore, a precise assessment of factors contributing to costs is not required when IHEs record salaries and wages charged to Federal awards.

(2) For records that meet the standards required in [paragraph \(g\)\(1\)](#) of this section, the recipient or subrecipient is not required to provide additional support or documentation for the work performed other than that referenced in [paragraph \(g\)\(3\)](#) 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 requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

(5) States, local governments, and Indian Tribes may use substitute processes or systems for allocating salaries and wages to Federal awards either in place of or in addition to the records described in [paragraph \(g\)\(1\)](#) of this section 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 that 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 (g)(5)(iii);

(B) The sample must cover the entire period involved; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors and clerical and support staff, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in paragraph (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts allocated to Federal awards will be minimal or if it concludes that the system proposed by the recipient or subrecipient 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 when these are clearly documented. These plans are acceptable as an alternative to requirements in [paragraph \(g\)\(1\)](#) of this section when approved by the cognizant agency for indirect costs.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a recipient or subrecipient may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided the plans are approved in advance by all involved Federal agencies. In these instances, the recipient or subrecipient 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 recipient or subrecipient whose records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation supporting the records as required in this section.

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.

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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.

