

Time and Effort Documentation

You must ensure that state-funded and federally funded grants bear their fair share of cost. To support charges to payroll for personnel who spend time on a grant, time and effort documentation requirements must be satisfied.

State-Funded Grants

For state-funded grants with personnel salaries prorated between or among different funding sources, you must do the following:

- Maintain personnel activity reports that confirm services provided by each funding source.
- Adjust payroll records and expenditures based on this documentation.

Federally Funded Grants

For federally funded grants, time and effort documentation must conform to the federal cost principles applicable to the grantee organization, as follows:

- Charges to payroll must be documented according to federal requirements.
- Employee job descriptions for each employee must be current and must delineate all program or cost objectives under which the employee works. Job descriptions should be updated as new assignments are made.
- Daily class schedules for teachers and instructional aides may be used in lieu of time and effort reports for these personnel.
- Salaries and wages of employees used to meet cost share or matching requirements must be supported with time and effort records in the same manner.

Documentation Required for Charges to Payroll for Federally Funded Programs

Refer to the appropriate section below to determine the documentation required for charges to payroll for the following types of organizations:

- Local educational agencies (LEAs), education service centers (ESCs), and open-enrollment charter schools operated by a government entity
- Nonprofit organizations, including open-enrollment charter schools operated by a nonprofit organization
- Colleges and universities, including open-enrollment charter schools operated by an institution of higher education (IHE)

Documentation Required under OMB Circular A-87 for LEAs, ESCs, and Open-Enrollment Charter Schools Operated by a Governmental Entity

All charges to payroll for grant-funded personnel must be based on one of the following:

- Semi-annual certification
- Time and effort records
- Substitute system

Refer to the section “Compensation for personal services” in [OMB Circular A-87](#) for more detailed information pertaining to charges to payroll.

Semi-Annual Certification

Semi-annual certification applies to employees who do one of the following:

- Work 100% of their time under a single grant program
- Work 100% of their time under a single cost objective

Cost objective means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred. A Title I, Part A, school-wide program funded from multiple funding sources is considered a “single cost objective.”

These employees are not required to maintain time and effort records. However, all employees must *certify* in writing, at least semi-annually, that they worked solely on the program for the period covered by the certification. The certification must be signed by the employee or by the supervisor having firsthand knowledge of the work performed. Charges to the grant must be supported by these semi-annual certifications.

Time and Effort

Time and effort applies to employees who do one of the following:

- Do not work 100% of their time in a single grant program
- Work under multiple grant programs
- Work under multiple cost objectives

These employees are required to maintain time and effort records or to account for their time under a substitute system. Employees must prepare time and effort reports at least monthly to coincide with pay periods. Such reports must reflect an *after-the-fact* distribution of 100 percent of the *actual* time spent on each activity and must be signed by the employee. Charges to payroll must be adjusted to coincide with preparation and submittal of the interim expenditure report required for TEA discretionary grants.

Here are a couple of examples:

- Employees who work partially on administering programs included in NCLB consolidated administrative funds and work partially on administering other programs must maintain time and effort or account for their time under a substitute system.
- Employees who work partially on administrative activities (paid from administrative funds) and work partially on program activities (paid from program funds) must maintain time and effort or account for their time under a substitute system.

Substitute Systems in Lieu of Time and Effort Reports

Substitute systems for allocating salaries and wages may be used in place of time and effort reports. Substitute systems may include but are not limited to random-moment sampling, case counts, or other quantifiable measures of employee effort. Substitute systems that use sampling methods must meet acceptable statistical sampling standards. Refer to [OMB Circular A-87](#) for detailed requirements.

Documentation of rationale and calculations for allocating salaries and wages must be maintained for audit purposes. It is recommended that a copy of a certified public accountant's approval of a substitute system be kept on file for documentation. An unacceptable or invalid substitute system could result in an audit finding and the return of grant dollars to TEA.

Documentation Required under OMB Circular A-122 for Nonprofit Organizations and Open-Enrollment Charter Schools Operated by a Nonprofit Organization

All charges to payroll for grant-funded staff must be based on distribution of activity reports. This requirement includes professionals and nonprofessionals whose compensation is charged, in whole or in part, directly to awards. Therefore, all grant-funded personnel, whether 100% funded or partially funded, must maintain time and effort records.

Employees must prepare time and effort reports at least monthly to coincide with pay periods. Such reports must reflect an after-the-fact distribution of 100 percent of the actual time spent on each activity and must be signed by the employee. Charges to payroll must be adjusted based on time and effort records.

Charges for salaries and wages of nonprofessional employees must also be supported by records indicating the total number of hours worked each day maintained in conformance with the Department of Labor regulations implementing the Fair Labor Standards Act (FLSA). For this purpose, nonprofessional employee shall have the same meaning as nonexempt employee under FLSA.

Refer to the section “Compensation for personal services” in [OMB Circular A-122](#) for more detailed information about charges to payroll.

Documentation Required under OMB Circular A-21 for Colleges and Universities and Open-Enrollment Charter Schools Operated by an IHE

All charges must be based on payrolls documented in accordance with the generally accepted practices of colleges and universities. The method must provide for after-the-fact confirmation or determination by responsible persons with suitable means of verifying that the work was performed.

The payroll distribution system must reflect categories of activities expressed as a percentage distribution of total activities. Charges may be initially based on estimates made before services are performed. Significant changes in the work activity must be identified and entered into the payroll distribution system.

Following are examples of acceptable methods:

- **Plan confirmation:** The distribution of salaries and wages is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution. Certain standards must be met, as outlined in [OMB Circular A-21](#), including an annual statement signed by the employee certifying that the work was performed.
- **After-the-fact activity records:** Distribution of salaries and wages is supported by activity reports that reflect an after-the-fact description of the activity expended by employees. Charges may be made initially on the basis of estimates, provided that such charges are promptly adjusted if significant differences are indicated by activity records.
- **Multiple confirmation records:** The distribution of salaries and wages is supported by records that certify separately for direct and facilities and administration (synonymous with indirect) cost activities.

Activity reports must be prepared for each academic term, but no less frequently than every six months, and must be signed by the employee or a person having direct knowledge of the work performed. Charges may be made initially on the basis of estimates, provided that such charges are promptly adjusted if significant differences are indicated by activity records.

Refer to “Compensation for personal services” in [OMB Circular A-21](#) for more detailed information about charges to payroll.