Time & Effort reporting under Uniform Guidance

The loosening of time and effort reporting standards with the switch from OMB Circular A-87 to Uniform Guidance (2CFR200.430) has offered no clear guidance on what is acceptable documentation.

Documentation that complied with OMB Circular A-87 meets all the new compliance requirements, so if you chose to continue with your compliant time & effort reporting methods there is not a requirement to change what you’re doing.

As with Circular A-87 the big take away should be documentation. Document where time & effort is being reported and why it’s being reported there.

In cases where a salary is charged to multiple funding source (multiple federal grants, a federal grant and local funding, etc), documentation must be maintained regarding the allocation of the salary. A reasonable method of tracking time and effort can be employed. Estimates may be used, however reconciliation to actual time worked and charged (budgeted vs actual) must occur on a regular basis. Time worked, level of effort, and dollars charged are not independent of each other; they are linked and methodologies for tracking, reporting, and the internal controls that are in place, need to be part of the documentation associated with personnel charges to your federal grant.

If any employees’ time and effort is charged based on budgeted activity have written procedures on when and how the reconciliation between budgeted activity and actual activity will happen. Make sure the time frame is reasonable. While there is no clear definition of reasonable your decision should be based on what will give you accurate time and effort reporting.

If your policy is that employees certify that their actual activity matches their budgeted activity how would you determine reasonableness? Circular A-87 required semi-annual certification for employees working 100% on a single federal program. If the new certification were to be done annually would it be reasonable to assume your employees remember if there were any deviations in activity by the end of the year? In general, the more often your reconciliations happen, the more reasonable and accurate they will be.

If there are any deviations between budgeted and actual, adjustments must be made to the associated payroll expenditures in the accounting system to reflect the actual activity rather than the budgeted.

Whatever method you choose for Time & Effort reporting make sure your methods and procedures are thoroughly documented.