

Old Capitol Building
PO Box 47200
Olympia, WA 98504-7200



Washington Office of Superintendent of
PUBLIC INSTRUCTION
Chris Reykdal, Superintendent

k12.wa.us

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BULLETIN NO. 039-24 Financial Resources

TO: Educational Service District Superintendents
School District Superintendents
School District Business Managers

FROM: Chris Reykdal, Superintendent of Public Instruction

RE: Time and Effort (T&E) Reporting

CONTACT: Amy Harris, Director of Federal Fiscal Policy and Grants Management
360-688-0485, amy.harris@k12.wa.us
Jamey Schoeneberg, Assistant Director of Grants Management
360-972-4025, jamey.schoeneberg@k12.wa.us

PURPOSE/BACKGROUND

All employees charged to federal grants must document the time they spent working on the grant's objectives to demonstrate that the amounts charged to federal programs are true and accurate.

In the previous time and effort bulletin 048-17, Local Educational Agencies (LEAs) followed the old time and effort regulations under Office of Management & Budget's (OMB) Circular A-87.

This bulletin provides LEAs the option, starting with the 2024-25 school year, to continue to use the old time and effort guidance outlined below (and in bulletin 048-17) or to use the new, more flexible, requirements for time and effort reporting, outlined in the Code of Federal Regulations (CFR) 200.430 *Standards for Documentation of Personnel Expenses* ([CFR 200.430 \(g\)](#)). As long as an LEA's policy and system of internal controls meets each of the requirements outlined in CFR 200.430(i), it may design a process that uses the method, or combination of "old" and "revised" guidance that works best for its organization.

Basic Requirements

All employee compensation charged to federal grants must be reasonable and necessary, as well as allocable and allowable under the grant program. Such compensation must be consistent with that charged for similar work in other activities of the district.

Additionally, all salaries and wages charged to federal awards must be based on records that accurately reflect the work performed. The Uniform Grant Guidance (UGG) requires that documentation be supported by a system of internal control which provides reasonable assurance the charges are accurate, allowable, and properly allocated.

Cost Objectives

A “cost objective” is a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

A “single cost objective,” therefore, can be a single function, grant or activity.

A “multiple cost objective” occurs when an employee works on more than one function, grant or activity. In general, an employee is considered to work on multiple cost objectives if he or she works on:

- More than one federal award
- A federal award and a non-federal award
- A federal award with specific earmarking or matching requirements; or
- An unallowable activity and an allowable activity

There are also examples of when a federal program and a state program have the same intent and purpose and, therefore, are considered one cost-objective for time and effort reporting.

These programs include:

- Federal Special Education and State Special Education
- Title III-A and Transitional Bilingual Instruction Program (TBIP)
- Title I-A and Learning Assistance Program (LAP)

Documentation Standards

As noted above, LEAs can continue to follow the old guidance, or implement a process and system of internal controls in line with the current law (which may include parts taken from the old guidance as well as from the current law) for time and effort reporting, starting with the 2024–25 school year. In order to meet compliance, LEAs must document their time and effort system (policies and procedures), including how they will meet each of the requirements, and implement internal controls to ensure the policy is followed.

Option 1: Follow the Revised Time and Effort Guidance

CFR 200.430(a) states: ...” Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable;

and

(3) Is determined and supported as provided in paragraph (i) of this section, when applicable..."

The guidance in CFR 200.430(i)(1) states: "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 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 (i)(1)(ii) above 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."

Therefore, if the LEA elects to use this option, the LEA must follow these guidelines for time and effort reporting. Additionally, although the T&E guidance does not require signatures, OSPI will continue to require LEAs to include an employee signature on the time and effort to document and certify the approval of the activity reported. We also encourage the supervisor to sign the time and effort documentation as an added internal control.

Also, in CFR 200.430(i)(3) it states: "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."

Option 2: Follow the Old T&E Guidance

Under the prior rules of OMB Circular A-87, there were two types of T&E reports: 1) Semi-Annual Certifications used for employees working solely on one cost objective; and 2) Personnel Activity Reports (PAR) used for employees who work on multiple (more than one) cost objectives.

The Department of Education (ED) allows additional flexibility for employees working on multiple cost objectives with a pre-determined fixed schedule discussed later in this document.

Semi-annual certifications and PARs must meet the following standards:

- 1) Semi-Annual Certifications (single cost objective or activity) must:
 - Certify the employee worked solely on activities related to a particular cost objective for a specified period of time, identify the cost objective, and specify the reporting period covered.
 - Be signed and dated by the employee or a supervisor with first-hand knowledge of the work performed.
 - Be completed timely and at least semi-annually, after the work has been completed.

- 2) PARs (multiple cost objectives or activities) must:
 - Certify the employee worked on multiple activities related to more than one cost objective for a specified period of time, identify the cost objectives, and specify the reporting period covered (generally from beginning to end of month) which must coincide with one or more pay periods.
 - Be signed and dated by the employee. (For internal control purposes, we encourage a supervisor with first-hand knowledge of the work performed also sign the PAR.)
 - Be completed timely and at least monthly, after the work has been completed.
 - Reflect the actual work done by the employee with all cost objectives clearly identified.
 - Account for the total activity for which the employee is compensated, including both federal and nonfederal activities.

The attachments to this bulletin contain the T&E examples that meet the standards under the old T&E guidance (using Option 2). *They are intended as examples only and should be modified as needed.*

Other Time and Effort Considerations

Estimated vs Actual Reporting

Employee salaries and wages may be assigned to federal grants before the services are performed on the basis of budget or other estimated distribution percentages. The method used to establish the estimates should produce reasonable approximations of the actual

employee time distributions. Estimates alone do not qualify for and may not be used in lieu of T&E reports. 2 CFR 200.430(i)(1)(vii).

Districts must compare actual costs based on T&E reports to the estimates used for coding payroll expenditures. This reconciliation must occur timely and be documented. We recommend the reconciliation be done quarterly, but if you have other internal controls in place to ensure adjustments are timely, you can perform reconciliations less frequently. During the reconciliation process, variances should be adjusted to actual, but at a minimum, adjustment to actual must occur at year end.

At the end of the fiscal year, **differences higher than 5% must be adjusted** so the final payroll and accounting records reflect costs of the actual time worked as reported by staff for each federal cost objective for the year. Individual employee variances may be aggregated for each federal award.

Administrators

In a few limited and unique situations, districts have been able to demonstrate that a part-time administrator, such as a superintendent, assistant superintendent, principal, or assistant principal, has assumed the duties of a second supplemental position, such as a federal program director. In these circumstances, it may be appropriate to charge the second position directly to the federal award. Districts should document exceptional circumstances by retaining supporting documentation such as:

- A position description or employment contract that clearly delineates the time to be spent on administrative duties and that stipulates the additional performance of specific federally funded duties.
- T&E documentation supporting actual duties performed.

Schoolwide Plans

A schoolwide program is considered to be a single cost objective. Building employees who work solely on activities and fund sources specifically listed in the building's schoolwide plan, may be charged to the schoolwide program as a single cost objective.

In lieu of collecting individual staff certifications, the building principal may prepare and sign group certifications that list all staff who worked solely on the schoolwide program for the period of the certification.

If an employee works on both programs that are combined in the schoolwide plan and those that are not (i.e., state transitional bilingual, state special education), the employee must complete certifications in line with the LEAs policy for reporting multiple cost objectives.

Supplemental Contracts, Stipends and Extra Hours

Activities performed under a supplemental contract, stipend, or authorization for extra hours are over and above the scope of the employee's normal employment contract or agreement.

For T&E reporting purposes, each contract should be considered as a separate position and T&E reporting requirements would apply to each position individually.

Following are suggestions for documenting T&E for supplemental contracts, stipends, and extra hours:

- Sign-in or attendance logs approved by a program director may be used as T&E documentation for extra hour pay related to a single cost objective (e.g., pay for professional development activities under Title II, Part A).
- Employee time or pay slips that specify the cost objective and are approved by the supervisor may be used as T&E documentation for extra hour pay.
- A signed supplemental contract or stipend that indicates the specific single cost objectives with an after-the-fact certification that the work was performed.
- Multiple cost objective supplemental contracts/stipends must be supported by time and effort showing actual time spent on each objective.

Substitute Employees

The time and effort documentation expected depends on the length of time the individual is replacing the regular teacher. As a rule of thumb, if the regular teacher is gone for a month (pay period) or more, the substitute should sign a time and effort report for his/her activities. If the regular teacher is gone less than a month, the teacher's signature on the time and effort report is enough to cover both the substitute and regular teacher providing the activities of the position did not change for the period the substitute worked. If the activities differed, the substitute must sign the time and effort report.

Digital Signatures

A digital signature is acceptable only if the district can demonstrate it has sufficient internal controls in place to verify the digital signature could only be created by the relevant employee or supervisor (for example, through a unique login ID and a secret password).

Electronic T&E Approval Systems

The LEA can use electronic systems to submit, review and approve time and effort. The time and effort maintained in the system must include the minimum information required, depending on whether the LEA uses option 1 or option 2. The LEA must also ensure there is adequate security and internal controls to ensure that only the applicable employee or supervisor can create the digital signature.

Substitute Time and Effort Systems

Substitute systems may be more efficient than actual daily or monthly T&E records for employees who do not have fixed schedules. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee work.

Districts may develop alternative methodologies for determining and documenting employee compensation charged to federal grants; however, the use of substitute systems requires the prior approval of OSPI (except for "Fixed Schedule Flexibility" discussed in more detail below).

Initial submission of a district's substitute T&E system plan must be sent to Amy Harris at amy.harris@k12.wa.us. Annual approval is only required if the district makes any substantive changes to an approved substitute system.

The list of districts with approved substitute time and effort can be found here: [Federal Funding Contact Information \(ospi.k12.wa.us\)](https://ospi.k12.wa.us)

Fixed Schedule Flexibility

OSPI has the authority to allow districts to use a "fixed schedule" system for T&E reporting in accordance with the following guidelines.

1. To be eligible, employees must:
 - Currently work on a schedule that includes multiple activities or cost objectives that must be supported by time and effort certification.;
 - Work on specific activities or cost objectives based on a predetermined schedule.
2. Eligible employees may support a distribution of their salaries and wages through documentation of an established work schedule that meets the following standards:
 - Indicates the specific activity or cost objective that the employee worked on for each segment of the employee's schedule;
 - Accounts for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and
 - Be certified on a timeline consistent with LEA policy.
3. Any revisions to an employee's established schedule that continue for a prolonged period must be documented and certified in accordance with the above standards. The effective dates of any changes must be clearly indicated in the documentation provided.
4. Any significant deviations from an employee's established schedule, such as lengthy unanticipated schedule changes, must be documented by the employee using a monthly PAR that covers that period.

The district must submit a management certification certifying that only eligible employees will participate in the "fixed schedule" system and that the system used to document employee work schedules includes sufficient controls to ensure that the schedules are accurate.

The list of districts with approved substitute time and effort can be found here: [Federal Funding Contact Information \(ospi.k12.wa.us\)](https://www.ospi.k12.wa.us/funding/contact)

INFORMATION AND ASSISTANCE

For questions regarding this bulletin, please contact Amy Harris, Director of Federal Fiscal Policy and Grants Management at 360-688-0485 or amy.harris@k12.wa.us, or Jamey Schoeneberg, Assistant Director of Grants Management at 360-972-4025 or jamey.schoeneberg@k12.wa.us. The OSPI TTY number is 360-664-3631.

This bulletin is also available on the [Bulletins](#) page of the OSPI website.

Tennille Jeffries-Simmons
Chief of Staff

T.J. Kelly
Chief Financial Officer
Financial Resources

Amy Harris
Director
Federal Fiscal Policy

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Attachment(s):	Attachment 1:	Semi-Annual Certification Examples
	Attachment 2:	Monthly PAR example
	Attachment 3:	Monthly PAR example
	Attachment 4:	Semi-Annual Certification (Employees Using a Fixed Schedule)

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