Time and Effort Reporting

For State – Department of Health (DOH)
and
Federal – Health Research, Inc. (HRI) Funded Contracts

New York State Department of Health
AIDS Institute
Administration and Contract Management
June 2010

Time and Effort Reporting

Time and effort reporting is the system used by an agency to document the work of its employee and allocate their work to various funding sources. This system is most often implemented using employee timesheets and should be documented in the agency's policies and procedures.

Important Facts:

- Time and effort reporting has been the single largest category of questioned costs upon audit.
- Provider agencies should understand the burden of proof is with the contractor to have a time and effort system and to substantiate personal services charges to the contract.
- Budget estimates on the budget forms **do not qualify** as support for time and effort.

Requirements of T&E Reporting
A time and effort reporting system is a requirement of all AIDS Institute contracts. This requirement can be found in the contract language.

- State (DoH) funded contracts - Appendix A-1, Paragraphs 3.a & 3.b
- Federal (HRI) funded contracts – Attachment A, Sections 3 & 4

The two major components of a time and effort reporting system are**:**

1. **Timesheets or Personal Activity Reports** (a sample timesheet is attached)
   - Timesheets/personnel activity reports document time worked and the distribution of activities to funding sources or cost centers for all employees paid on a contract.
   - Day sheets if used to track daily activities for billing purposes (e.g. Medicaid), could be part of the time and effort reporting system.
   - Effort reporting must account for 100% of the employees time worked, even if they are fully funded on one grant.
   - The signature on the time and effort report is certifying the distribution of activity represents a reasonable estimate of actual work performed.

2. **Agency Policies and Procedures –** which document the time and effort reporting system and covers the following as a minimum:
   - Completion the timesheet/personal activity report.
   - Approval of timesheet/personal activity report.
   - Accrual of vacation, sick, & leave time accruals.
   - Implementing salary increases and bonuses. (if applicable)
   - Managing and communicating changes in time allocation.

Use the table below to determine the requirements that apply to your organization and where in this document you can find more information about those requirements.

IF YOUR ORGANIZATION IS:	THEN THIS CIRCULAR APPLIES:	PAGE IN THIS PACKAGE
Not for Profit	OMB A-122 /2 CFR part 230	PAGE 2
State or Local Government Indian Tribal Government	OMB A-87 /2 CFR part 225	PAGE 3
Educational Institution	OMB A-21 /2 CFR part 220	PAGE 4
Hospital	OMB A-110/45 CFR part 74 – Appendix E	PAGE 4

OMB Circular A-122 (Not For Profit)

Available: http://www.whitehouse.gov/omb/circulars/a122/a122.html **OR** http://www.whitehouse.gov/omb/fedreg/2005/083105_a122.pdf

- Distribution of salaries and wages to awards must be supported by timesheets or personnel activity reports.
- Timesheets reflecting the distribution of activity of each employee must be maintained for all staff members whose compensation is charged, in whole or in part, directly to awards. Timesheets maintained by organizations to satisfy these requirements must meet the following standards:
  - The reports must reflect an ***after-the-fact*** determination of the actual activity for each employee. **Budget estimates do not qualify as support for charges to awards.**
  - Each timesheet must account for the total activity for which employees are compensated and is required in fulfillment of their obligations to the organization.
  - The timesheet must be signed and dated by the individual employee or responsible supervisory official having first-hand knowledge that the distribution of activity represents a ***reasonable estimate of the actual work performed by the employee*** during the periods covered.
  - The timesheet must be prepared at least monthly and must coincide with one or more pay periods.

Note: the term "***after-the-fact***" used above with regard to personal activity reports is meant to ensure that these reports are completed once the work is concluded. It would not be acceptable to have a timesheet with % allocation on it that is just photocopied for each new period.

<u>OMB Circular A-87 (State, Local and Indian Tribal Governments)</u>

Available: http://www.whitehouse.gov/omb/circulars/a087/a087-all.html **<u>OR</u>**
http://www.whitehouse.gov/omb/fedreg/2005/083105_a87.pdf

- Employees that are expected to work solely on a single award will be supported by periodic certifications that the employee worked solely on the program for the period covered by the certification. They should be prepared at least semi-annually and signed by the employee or supervisor having first-hand knowledge of the work performed by the employee.

- Employees that work on more than one program will be supported by personnel activity reports or equivalent documentation that meet the following standards:
    - They must reflect an ***after-the-fact*** determination of the actual activity of each employee.
    - They must account for the total activity for which each employee is compensated.
    - They must be prepared monthly and must coincide with one or more pay periods.
    - They must be signed and dated by the employee.
    - Budget estimates or other distribution percentages determined before the services are performed do not qualify as support; however, they may be used for interim accounting purposes, provided that:
        - They produce a reasonable approximation of the activity performed.
        - At least quarterly comparisons of actual to budget based on monthly activity reports are made. Adjustments to charges may be made annually if the quarterly comparisons show the differences to be less than 10 percent.
        - They are revised at least quarterly, if necessary, to reflect changed circumstances.

Note: the term "***after-the-fact*"** used above with regard to personal activity reports is meant to ensure that these reports are completed once the work is concluded. It would not be acceptable to have a timesheet with % allocation on it that is just photocopied for each new period.

OMB Circular A-21 (Educational Institutions)

Available: http://www.whitehouse.gov/omb/circulars/a021/a021.html **OR** http://www.whitehouse.gov/omb/fedreg/2005/083105_a21.pdf

- Plan Confirmation – Under this method, the distribution of salaries are based upon budgeted percentages, updated to reflect significant changes in work distribution. At least annually, a statement will be signed and dated by the employee or responsible official that the work was performed and that the charges are reasonable in relation to work performed.

OR

- ***After-the-fact*** Activity Reports – These reports will reflect an after-the-fact reporting of the percentage of distribution of activity of employees. The reports will be signed and dated by the employee or responsible official.
    - For professorial and professional staff, the reports will be prepared each academic term, but no less frequently than 6 months.
    - For other employees, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.

Note: the term "***after-the-fact***" used above with regard to personal activity reports is meant to ensure that these reports are completed once the work is concluded. It would not be acceptable to have a timesheet with % allocation on it that is just photocopied for each new period.

OMB Circular A-110 which cites HHS regulation 45 CFR 74 – Appendix E (Hospitals)

Available: http://www.whitehouse.gov/omb/circulars/a110/a110.html **OR**

http://www.nhtsa.dot.gov/nhtsa/whatsup/TEA21/GrantMan/HTML/29d_OMB_CostPrnHosp_45CFR_Prt74.html

- Non-professional staff charges for salaries and wages must be supported by daily time and attendance and payroll distribution records.
- Professional staff may complete, at least monthly, reasonable estimates of the percentage of distribution in the absence of actual time records.
    - Estimates must be prepared by the individual who performed the services or by a responsible individual having first-hand knowledge of the services performed.
    - Budget estimates do not qualify as estimates of effort spent.

SAMPLE TIMESHEET

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Employee's Full Name and Position Title

	MON	DAY	TIME IN	TIME OUT	HOURS WORKED	VAC	SICK	PER	NOTES
MON									
TUES									
WED									
THUR									
FRI									
SAT									
SUN									
MON									
TUES									
WED									
THUR									
FRI									
SAT									
SUN									
Total									

Time Sheet End Date

______________________ mm/dd/yy

Accrual Summary	**Vacation**	**Sick**	**Personal**
Beginning Balance			
Used this Period			
Subtotal			
Earned this Period			
New Balance			

Funding Source	**% Effort worked**
Total	**100%**

This timesheet is certified as to time, activity, and accruals.

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Employee's Signature mm/dd/yy

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Supervisor's Signature mm/dd/yy