

DCTA Financial Management Series

Training for Timekeeping and Personnel Activity Reporting



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Timekeeping Reporting Requirements



Per 2 CFR 200.430 Compensation Personal Services includes all remuneration, paid currently or accrued, for service rendered during the grant period of performance.

Compensation for personal services are:

Wages and Salaries

Fringe benefits

Fringe Benefits



Fringe benefits include, but are not limited to:

- Paid time off (PTO) (vacation, holiday, sick, bereavement)
- Employee insurance (health and life)
- Pension plan contributions/Retirement match
- Unemployment benefits
- Employer portion of Medicare and social security tax
- Workers' compensation insurance

Timekeeping Reporting



Compensation and Personal Services costs must be:

Reasonable - a cost is “reasonable” if, in its nature and amount it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Allocable – a cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

Timekeeping Reporting



Allowable - a cost is allowable if it meets all of the following criteria:

- Necessary and reasonable
- Conforms to any limitations or exclusions in the principles or the Federal award
- Consistent with policies and procedures that are uniformly applied to all awards of the non-Federal entity
- Accorded consistent treatment
- Meet the requirements of generally accepted accounting principles (GAAP)
- Not treated as cost for sharing or matching on any other federally-financed program
- Cost incurred during the approved budget period

Documented - adequate detailed support identifying the validity of the personnel expenditure e.g., timesheet or personnel activity reports.

“Adequate” Timekeeping Reporting



- Personnel expenses charged to Federal awards **MUST** be based on records that accurately reflect worked performed. The record **MUST** be:
- Supported by the organization’s internal controls providing reasonable assurance that the charges are accurate, allowable and properly allocated
- Incorporated into the official record of the non-Federal entity
- Reasonably reflect the **TOTAL** activity for which the employee is compensated; not exceeding 100% of the compensated activity
- Support the distribution of the employee’s wages among specific activities or cost objectives if employee works on multiple awards
- Comply with established policies and practices of the non-Federal entity
- Include certification and/or approval, supporting the veracity of the expended time

Timesheet and Personnel Activity Reports (PAR)



Timesheet

A record of the amount of time an employee has spent working on a single activity.

The timesheet should be completed and signed by the employee and approved by individuals having DIRECT knowledge of the efforts of the employee.



Personnel Activity Reports (PAR)

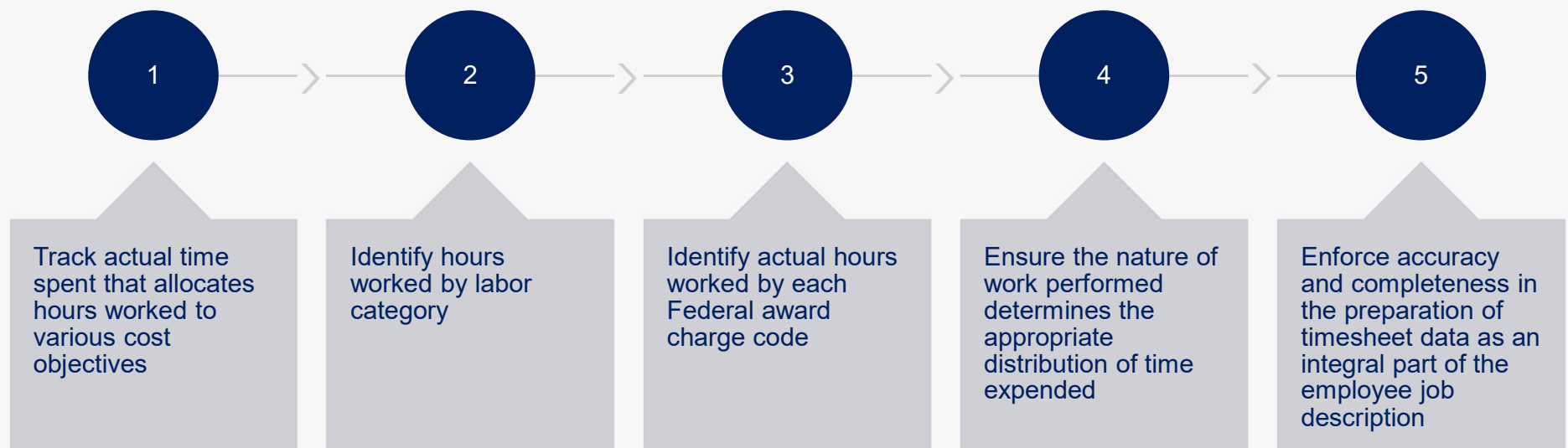
Presents the hours worked to be allocated to the indicated cost objectives or awards, for an indicated time period.

All PARs should be reviewed, completed and signed by the employee and approved by individuals having DIRECT knowledge of the efforts of the employee.

Details and Data Captured in the Timekeeping System



Details and data captured must:



Poll Question #1



Select all information that a PAR report must capture?

- a) All activity worked by an employee for a specific time period
- b) Certification by employee and his/her supervisor
- c) A cost objective
- d) Only the hours worked under a specific Federal grant program

Two types of Timekeeping options



Contemporaneous Method

- Daily time entry by employees
- Manually log timesheet data maintained by employee
- Electronic time-tracking software

Reconstructive Timekeeping Method

- Use case notes, calendars, call logs, workshop logs or email communication, activity tracking software (e.g., Outlook), deliverables completed, phone records, or other documentation to assist in the reconstruction of ACTUAL time spent within each completed grant activity.
- Do not use reconstructive time keeping and contemporaneous timekeeping simultaneously .

Note: Contemporaneous method is the preferred method, since this option provides a more accurate detailed account of time than a reconstruction of activities

Sample Timesheet



A method for recording the amount of a worker's time spent on an activity:

Note: a simple timesheet can be transitioned to a personnel activity report by adding a cost objective

Sample Timesheet							
Employee Timesheet							
Name: _____				Date: _____			
Employee ID: _____				Dept: _____			
Manager: _____							
Date	Time In	Time out	Breaks	Reg. Hours	OT. Hours	Total Hour	Cost Objective
	0		0	0	0	0	
Best practices suggest signature by both employee and supervisor.							
Employee Signature				Supervisor Signature			

Personnel Activity Reporting - Exhibits



As you review the following examples of PARs, note how each PAR meets the requirements:

- Account for ALL activities worked on by the employee
- Be certified by the individual employee and a responsible party with direct knowledge of the activities performed by the employee
- Reflect actual activity of each employee's hours expended and cost objective
- Tracking of:
 - Hours spent
 - Cost objective (funding source, project award etc.)
 - Time period for which the PAR is representing;
 - 100% of the employee's time to be compensated
 - ADC vs PAC

Personnel Activity Reports	
Exhibit A	Employee charging all of his/her time to a single award or activity
Exhibit B	Employee charging to two awards or activities
Exhibit C	This is an example of a personnel activity report for an employee whose compensation is allocated among different grants and administration based on actual time worked by employee
PAR Activity Reporting Policy	Standard policy for PAR

Personnel Activity Reporting



Program Administrative Costs vs. Activity Delivery Costs

- Frequently Confused and Incorrectly Reported
- Allocating Staff Costs between Program Administration Costs vs. Activity Delivery Costs
 - Administrative Activities – Costs of Grantee or Subrecipient to Administer Program as a Whole
 - Examples: Program Planning, Monitoring, Financial Management, Reporting
 - Costs Charged to Administrative Activities May be Capped at a Specific Ceiling Per the Grant Regulations, for Example CDBG has a 20% ceiling for administrative costs
 - **Note:** Grantee determines what portion of admin is shared with each subrecipient
 - Amount and use of administration funding must be outlined in the grant agreement
 - Activity Delivery Costs – Costs of Grantee or Subrecipient to Carry Out Specific Activities
 - Examples: Environmental Review, Administering Davis-Bacon Requirements and Project Management
 - Activity Delivery Costs are not subject to the administration cap

Poll Question #2



Select all examples of Program Administration Cost (PAC)?

- a) Compensation of employees devoted to carrying out a specific eligible activity
- b) Salaries of executive officers and staff with general program oversight
- c) Loans to business
- d) Financial management
- e) Environmental reviews

Poll Question #3



Select all examples of Activity Delivery Costs (ADC)?

- a) Duplication of benefits review
- b) Project Managers oversight of day-to-day activity
- c) Acquisition Costs
- d) Environmental reviews
- e) Staff time to manage the funds and program overall

Personnel Activity Reporting – Exhibit B



This is an example of a personnel activity report for an employee whose compensation is allocated among grants based on actual time worked by employee.

Exhibit B. Sample Personnel Activity Report															
Housing Manager															
(Agency Name)															
PERSONNEL ACTIVITY REPORT															
Employee: _____										Pay Period: _____					
Position & Activity: <u>Housing Manager</u>															
	SA	SU	M	TU	W	TH	F	SA	SU	M	TU	W	TH	F	Total
<i>Cost Objective</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
CDBG-DR SF Home Repair			5	6	8					0	8	4	8	1	40
FEMA			3	2		5	8			5		4		7	34
Total - Hours Worked															
Sick Leave						3									3
Vacation										3					3
Holiday															
Other															
Total Hours	0	0	8	8	8	8	8	0	0	8	8	8	8	8	80
Best practices suggest this payroll activity report is signed by both employee and supervisor.															
Employee Signature										Supervisor Signature					

Personnel Activity Reporting – Exhibit C



This is an example of a personnel activity report for an employee whose compensation is allocated among different grants, and administration based on actual time worked by employee.

Exhibit C. Sample Personnel Activity Report
Housing Manager
(Agency Name)
PERSONNEL ACTIVITY REPORT

Employee: _____ Pay Period: _____

Position & Activity: Housing Manager

Date	SA	SU	M	TU	W	TH	F	SA	SU	M	TU	W	TH	F	Total
Cost Objective	1	2	3	4	5	6	7	8	9	10	11	12	13	14	9
Admin CDBG - DR			1	0	2					0	1	4	0	1	9
CDBG - DR Single Family Home Repair			3	2		5	8			5	2	3	4	7	39
CDBG- CV Rental Assistance			4	6	6	3				3	5	1	4		32
Total - Hours Worked															
Sick Leave															
Vacation															
Holiday															
Other															
Total Hours	0	0	8	8	8	8	8	8	0	0	8	8	8	8	80

Best practices suggest this payroll activity report is signed by both employee

Employee Signature	Supervisor Signature
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Source Documentation with Voucher Requests



The following documentation is typically required for reimbursement of Salaries and Wages

- Personnel Activity Reports - reflecting total hours compensated for the pay period.
- Payroll records showing wages paid for the employees and pay period(s) covered.

Reimbursement of Fringe Benefits



The following documentation is typically required for reimbursement of Fringe Benefits

- Payroll taxes supported by payroll records showing amount of employer paid taxes.
- Medical, dental or other benefits supported by benefit provider invoices.
- 401(k) or retirement benefits supported by employer contribution plans. Recipients may also require submission of pension plan payment documentation.
- Compensated leave supported by annual submission of compensated leave policy.

Poll Question 4



What documentation is normally required for reimbursement of salary and wages?

- a) Timesheets and purchase orders
- b) Timesheets only
- c) PAR reports only
- d) PAR reports and payroll reports

Personnel Activity Reports Policy Requirements



Scope: Communicates who the policy applies to? *E.g., All staff that spends time on Federal or Federal pass-through projects*

Policy Statement:

- **Communicates the purpose of the policy.** *E.g., To document the City's methods for capturing employee's efforts that benefited Federal awards.*

Reason for Policy: Communicates the reason for the policy. *E.g., The Office of Management and Budget (OMB) Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards*

Procedures: Communicates the steps necessary to be in compliance with the policy *E.g., reflect 100% of the distribution of activity expended by employees, after-the-fact reporting of the percentage distribution.*

Personnel Activity Reports Sample Policy



Scope: All staff that spend time on Federal or Federal pass-through projects. This includes both the payroll charged to the project and the Cost Share Cost Object(s).

Policy Statement: The CITY uses the Personnel Activity Report (PAR) as its method of documenting employee effort performed on Federal and Federal pass-through projects. The PAR provides the basis for certifying that salaries are charged to programs/projects in accordance with the relative activity applied to various programs and projects. The PAR constitutes the primary basis for reimbursement to the CITY by the Federal government for salaries paid from all federal awards and Administrative activities as well as providing the basis for certain costs that are reimbursed as facility and administrative costs. The PAR also provides the means of identifying cost sharing activity on sponsored programs. All PARs are due 3 days after the end of the payroll period and are considered delinquent after 5 days.

Reason for Policy: A basic framework for effort reporting is provided by Federal regulations, principally the Office of Management and Budget (OMB) Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards. Acceptance of Federal awards obligates the CITY to assure U.S. Federal government and other sponsors that the assignment of time and associated salary costs charged to their sponsored agreements is equitable and distinguishable from those charged to other activities. The City's Personnel Activity Reporting system is an internal control to verify payroll to fulfill Uniform Guidance §200.430 Compensation of personal services.

Procedures: The PAR forms show the percentage of time allocated to the indicated Cost Share or Cost Object(s) for the indicated time period. PAR forms should be reviewed, completed, and signed by individuals having direct knowledge of the employee's effort.

- PAR forms reflect the distribution of activity expended by employees.
- These reports will reflect an after-the-fact reporting of the percentage distribution of activity of employees.
- The reports will reflect a reasonable estimate of the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the reporting period, the reports will be signed by the employee, principal investigator, or responsible official, having first-hand knowledge of the activity of the employee that is being reported on the Personnel Activity Report.
- The forms will reflect activity applicable to each sponsored agreement and cost share as well as to each category.

The information reported by departments for the period being reported reflects the actual effort of each employee, as well as it can be estimated or measured. Reports are prepared by employees who are paid at least partially from federally sponsored projects or having cost sharing activity. Grants Accounting is responsible for the administration of the PAR process. PAR forms are generated by Grants Accounting and distributed to departments for review and certification. Certification is due 30 days after distribution by Grants Accounting and is considered delinquent after 30 days. After 30 days, notice will be sent according to the scheduled process below unless extension has been granted by the Manager of Grants Accounting. If a retroactive payroll transfer is made after certification of a PAR, then recertification will be required. It is the Principal Investigator's (PI) and his/her department's responsibility to accurately complete the PAR form. Failure to complete the PAR requirements will be grounds for corrective action up to and including placing a hold on funding.

Frequently Asked Questions



Q1 - If an employee is documenting personnel activity and is not sure what grant/fund code to charge, what should they do?

A1 – Personnel activity reporting can be prepared using descriptions of the jobs performed. These descriptions should then match the tasks associated with the grant/fund code to be charged.

Q2 - Does personnel activity reporting only need to show hours worked under a specific Federal Grants Program?

A2 – No. Personnel activity reporting must reflect 100% of the individual’s time. It should not be based on a 40- hour week but include all the hours worked by the individual for the specific period.

Q3 – Can administrative and/or management’s personnel cost be charged as a cost of the grant?

A3 – Yes. Administrative costs can be charged as costs to Federal grants.

Resources

