



pennsylvania
DEPARTMENT OF EDUCATION

ESSER Monitoring Town Hall Meeting: Time and Effort

November 20, 2024

Agenda

1. **Time and Effort:** A review of requirements, best practices and documentation standards
2. Questions

Time and Effort Introduction

Overview

- **Defined:** Time and Effort refers to the documentation and procedures required to track and confirm the work of employees whose salaries are fully or partially funded by federal grants. The process determines personnel expenses charged to federal grants are allowable, allocable, and accurately reflect the work performed.
- **Who Needs It:** Employees paid with federal funds, including hourly, part-time, and full-time employees. This also applies to employees with salaries funded by multiple sources if one is federal. It includes stipends, wages, salaries, and fringe benefits for allowable services during the federal award period.
- **Exclusions:** Contractors do not need to maintain time and effort documentation

Time and Effort Introduction (cont.)

Allowability

- Provide staff and student **mental health services** and **supports**
- Coordinate **preparedness and response** efforts to COVID-19
- **Sanitize and clean** LEA facilities
- Plan and implement **summer learning** and supplemental **afterschool programs**
- Teachers' and staff **salaries**
- Address **learning loss** among low-income, minority, and at-risk children
- Resources to address **individual school needs**
- Improve LEA **preparedness and response efforts**
- **Plan and coordinate** long-term closures

Time and Effort Desired Outcomes

Desired Outcomes

- **Compliance with Federal and State Regulations**
 - Adherence to federal and state requirements for time and effort reporting results in the avoidance of audit findings and the repayment of unallowable costs. It also demonstrates the responsible use of federal funds.
- **Financial Integrity**
 - Transparency in financial records is achieved by maintaining accurate time records and confirming allowable use of federal funds. Improved financial management aligns expenditures with budgets, enhances budget forecasting, and corrects discrepancies.
- **Program Effectiveness**
 - Detailed and accurate reporting provides clear insights into program activities and outcomes. It facilitates audits and monitoring visits through complete time and effort records.
- **Operational Benefits**
 - Enhanced accountability and staff performance result from clear expectations for staff regarding responsibilities and time tracking. Streamlined processes lead to a reduced administrative burden through consistent documentation practices

Applicable Federal Time and Effort Guidance

Code of Federal Regulations 2 CFR 200 outlines the regulatory guidance for Salaries and Benefits including Time and Effort

Reference	Title	What You Need to Know
§ 200.430(g)	Standards for Documentation of Personnel Expenses	This section details the standards and leading practices to follow when documenting personnel expenses.
§ 200.431	Compensation – Fringe Benefits	This section details the standards and leading practices to follow when claiming fringe benefit rates.

Payroll Policies and Procedures

- **Payroll Policies**
 - **Approved Policies to have available:**
 - Collective Bargaining Agreement
 - Overtime Policy
 - Payroll Policy and Compensation Policy
 - Fringe Benefits Policies
- **Maintaining Payroll Records**
 - **Records to have available:**
 - Payroll Detail Report/Payroll Registers
 - Activity Logs
 - Timesheets
 - General Ledgers
 - Public School Employees Retirement System (PERS) Quarterly Reports
 - Employee Contracts

Payroll Policies and Procedures (Cont.)

- **Reporting and Archiving**
 - **Checklist:**
 - Confirming all expenditures charged are supported by payroll records
 - Archive all payroll documentation in a secure location (electronically and/or paper copy)
 - ***Reminder: All payroll expenditures should be coded to 100 and 200 Object Codes.***

Duplication of Benefits Considerations

Goal: Mitigation of Duplication of Benefits

Public School Employees Retirement System (PSERS)

- **LEA-Paid Portion of PSERS Retirement Benefits**
 - PSERS employee retirement contribution is an allowable expense that can be allocated to the grant programs.
- **PSERS Reimbursement**
 - PDE reimburses each LEA on a quarterly basis a pre-determined percentage of employee retirement contributions.
**Excludes Charter Schools*
- **PSERS Reimbursement Deduction**
 - LEAs must proactively deduct the PSERS reimbursement amount from the overall grant allocation amount for each employee.
 - For example, if the LEA contributed \$2,000 in PSERS contributions, and the LEA's reimbursement rate is 50%, then \$1,000 should not be included in the grant allocation amount.

Time and Effort Documentation Requirements

- **Internal Control**
 - Be supported by a system of internal controls which provides reasonable assurance that charges are accurate, allowable and allocable
- **Official Records**
 - Be incorporated into official records
- **Total Activity**
 - Reasonably reflect total activity for which employee is compensated.
 - Track what was actually done, NOT what should have been done.
- **ALL Activity**
 - Encompass all Federal and Non-Federal activities
- **Accounting Procedures**
 - Payroll must be accurately recorded, reported and supported
- **Cost Objectives**
 - Confirm time is tracked effectively by cost objective

Time and Effort Procedures

Documentation Requirements

- **Time and Effort Policy**
 - Define the **circumstance when time and effort documents** are needed including any deviations from policy and treatment of special circumstances
 - Create step-by-step overview of the time and effort procedures
 - Describe the forms to be used **including templates**
 - Outline the **approval process and internal review process**
- **Certification Types**
 - **Semiannual Certifications** — employees working 100% on one cost objective
 - **Personnel Activity Reports** — employees working on multiple cost objectives
 - **Alternate Time Documentation** — employees with a fixed schedule

Time and Effort Procedures (cont.)

Documentation Requirements

- **Employment Documentation**
 - **Employee's Job Description** — defines duties and confirms alignment with federal funded activities
 - **Collective Bargaining Agreements** — outlines agreements (if applicable) affecting time allocation and compensation
- **Additional Documentation (*if applicable*)**
 - **Prior Approval Documents**—refers to the requirement for obtaining formal authorization from a designated authority (e.g., a Regional Coordinator) before implementing or changing time and effort documentation methods
 - **Activity Logs**—records used to document the specific activities an employee engages in during their work hours
 - **Timesheets**—records used to document the hours an employee works on specific activities

Documents Required for Time & Effort (1 of 3)

Single Funding Certification

- Employees who work solely on a single federal program or cost objective and charge for their salaries and wages. Certification must be completed at least twice a year.
 - 100% of time documented for 1 cost objective
 - Include time period covered
 - Signed and dated by employee and supervisor

Documents Required for Time & Effort (2 of 3)

Personnel Activity Report (PARs)

- Employees who are paid at least partially from federal sources and working on multiple cost objectives. The PAR should be submitted on a basis defined in the LEA's Time & Effort Procedures.
 - Multiple cost objectives
 - Track 100% of employees time (Fed/non-Fed)
 - Signed and dated by employee
 - Reconciled to payroll records
 - Include time period (hours/percent)

Documents Required for Time & Effort (3 of 3)

Fixed Scheduled Staff

- Employees working on 1+ cost objectives with a fixed schedule and want to use a semiannual certification, the LEA is required to seek approval from their Regional Coordinator. The recorded email should include:
 - Regional Coordinator Approval
 - Employee Name
 - Relevant Cost Objective/Job Description

Leading Time and Effort Practices for Contracted Hours and Stipends

Contracted Hours

- Set up Documentation
 - Create a timesheet or other documentation and identify cost objectives (activities) for each employee.
- Track Time
 - Employees track their time weekly or at the end of the pay period.
- Calculate Time Spent
 - Review submitted timesheets and calculate the amount of time spent on each cost objective.

Leading Time and Effort Practices for Contracted Hours and Stipends (Cont.)

- Allocate Hours
 - Charge total hours for each cost objective to the prescribed funding source.
- Compliance
 - Follows the Subrecipient's written Time and Effort Procedures.

Stipends

- Update Procedures
 - Determine Time and Effort procedures reflect time documentation for stipend-paid employees.
- Use of Contracts
 - Utilize contracts discussing deliverables as effective documentation since stipends are a flat fee.

What are Cost Objectives?

Definition

- Program, function, activity, award, organizational subdivision, contract or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc.
- Any federal money that you need to track separately will be its own cost objective

Time and effort reports should be prepared by all employees that are **federally funded** and have **salaries and benefits** that are charged:

- to a **single** federal award (working on one cost objectives);
- to **multiple** federal awards (working on multiple cost objectives); or
- to any combination of a federal award and other federal, state or local fund sources.

What are Cost Objectives? (Cont.)

Cost Objective Types

- **Single Cost Objectives**
 - A single function, grant, or activity for which cost data is needed
 - It is possible to work on a single cost objective even if an employee is paid from more than one federal award, or from a federal award and a non-federal award. The key to determining whether it is a single cost objective is whether the employee's salary and wages can be supported in full from each of the federal awards on which the employee is working
- **Multiple Cost Objectives**
 - When an employee works on more than one function, grant or activity, AND the activities performed may not be considered a single cost objective

How to Identify & Track Cost Objectives

Suggested Steps

1. Position Description

- Review position description as each activity can be a cost objective

2. Timesheets

- Set up timesheets identifying the cost object(s) for the employee
- Once submitted, calculate the amount time spent on each cost objective

3. Funding Source

- Charge total hours for each cost objective to the designated funding source
- Report to the payroll department to reconcile payroll records
 - Must be done periodically, NOT annually

Common Observations (1 of 3)

- No Time & Effort Documentation
 - **Regulatory Guidance:** Administrative Manual for Federal Programs & 2 CFR 200.430(i)(1)
 - **Risk:** Failure to establish effective policies and procedures for Time and Effort documentation requirements can result in instances of non-compliance, errors, inadequate management of Federal funds, or loss of ESSER grant funding.
 - **Recommended Action:** Gather and document all time and effort documentation (i.e. Timesheets, Personnel Activity Reports, Single Funding Certs, etc.) for all employees claimed against the federal award.
 - **Next Steps:** The Subrecipient should develop policies and procedures consistent with PDE guidelines to make sure proper documentation is maintained for each full time or part time employees' salaries and wages charged to the federal award.

Common Observations (2 of 3)

- No Payroll Registers/Payroll Detail Report
 - **Regulatory Guidance:** 2 CFR 200.302(a) & 2 CFR 200.430(a) General
 - **Risk:** Failure to establish effective policies and procedures for Time and Effort recording and reporting requirements can result in instances of non-compliance, errors, inadequate management of Federal funds, or loss of ESSER grant funding.
 - **Recommended Action:** Retroactively record and establish procedures to record salaries and wages charged against the federal award that accurately reflect the work performed.
 - **Next Steps:** The Subrecipient should support federal funds used for Salaries and Benefits using payroll documentation outlining employee name, payment period, salaries and benefit amounts, and other relevant information.

Common Observations (3 of 3)

- **PSEERS Duplication of Efforts**
 - **Regulatory Guidance:** 2 CFR 200.303(a); 2 CFR 200.403(g); 2 CFR 200.431(c)
 - **Risk:** Failure to properly deduct the PSEERS reimbursement portion allocated to federal award is a duplication of benefits which can result in loss of funding.
 - **Recommended Action:** Retroactively deduct PSEERS reimbursement amounts from ESSER grant allocations.
 - **Next Steps:** The Subrecipient should make sure that effective procedures are in place to detect instances of duplication of benefits.

Question 1

What is the proper treatment of PSERS reimbursement?

- A. Make sure that it is added to the grant allocation quarterly
- B. Make sure that it is proactively deducted from the grant allocation
- C. Make sure that it is subtracted from the grant allocation quarterly
- D. Make sure that it is proactively added to the grant allocation

Question 2

How many cost objectives can a staff member work on?

- A. It depends on how many hours are in a day
- B. Infinite
- C. Only one per day
- D. It depends on the job description

Question 3

When are time and effort documents required?

- A. When any portion of the time staff worked is being funded by federal funds
- B. For all staff being paid by the subrecipient even when federal funds are not being leveraged
- C. Only when the staff's compensation is 100% funded by federal funds
- D. Time and effort documents are never required

Contact/Mission

For more information on the (ESSER Monitoring Town Hall Meeting: Time and Effort) please visit PDE's website at www.education.pa.gov

The mission of the Department of Education is to ensure that every learner has access to a world-class education system that academically prepares children and adults to succeed as productive citizens. Further, the Department seeks to establish a culture that is committed to improving opportunities throughout the commonwealth by ensuring that technical support, resources, and optimal learning environments are available for all students, whether children or adults.