

NEW SHOREHAM SCHOOL DISTRICT
BLOCK ISLAND SCHOOL

Purpose: Salaries and wages of employees who work on federal programs may be paid with federal funds as long as appropriate “time and effort” records are maintained. (These are also referred to as “time distribution” records.) Charges to Federal awards for salaries, wages and fringe benefits must be based on records that accurately reflect the work performed. The rules for documentation vary depending on whether the employee is working on a single cost objective or multiple cost objectives. The difference between single and multiple cost objectives is determined by how an employee works, not how the employee is funded. Time & Effort reporting is not time cards from which compensation is determined. Time and effort documentation must be collected from all federally funded grant employees, including administrative, certified, and support staff.

The Federal Government requires employees who are funded, either partially or fully, from a federal funding source to complete Time and Effort documentation. Federal funding sources include many of our grant funds. These grants include, but are not limited to, the following:

- Title I – Improving the Academic Achievement of the Disadvantaged;
- Title II – Preparing, Training, and Recruiting High Quality Teachers and Principals;
- Title III – English Language Learners;
- IDEA Part B – Special Education
- IDEA Preschool – Special Education
- 21st Century Community Learning Center
- Future federally funded grant opportunities

1.0 POLICY AND PROCESS

1.1 TIME AND EFFORT REPORTING POLICY

In accordance with this policy, all employees whose compensation is paid, in full or in part, with Federal funds or whose compensation is used as matching funds on a federally funded grant program must maintain time distribution records in accordance with these established criteria. Employees must provide the information required on a timely basis and in accordance with these procedures. Time distribution records must be maintained in order for Block Island School to charge employee compensation costs to Federal grants; thus, compliance with these procedures prevents disallowance of salary and wages charged to Federal grants.

1.2 DEFINITIONS

Cost Objective: A 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 the processes, products, jobs, capital projects, etc. (e.g. earmarks or set-asides that require Block Island School to track expenditure information to ensure it spends a specific amount for a specific purpose). See §200.28 Uniform Grant Guidance.

Employee Compensation: All amounts paid to an employee for services rendered during the award period. Compensation includes salaries, fringe benefits, stipends, bonuses and payments made under supplemental contracts.

Federal Uniform Grant Guidance: Federal guidance that provides standards for the allowability of costs and standards for documentation of costs including personnel expenses. These policies and procedures were developed to be in compliance with the uniform grant guidance. See §200.430 (Compensation – personal services) and §200.431 (Compensation – fringe benefits).

Multiple Cost Objectives Employees: 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;
- An indirect cost activity and a direct cost activity;
- Two or more indirect activities which are allocated using different allocation bases;
- An unallowable activity and a direct or indirect cost activity; or
- More than one activity within a Federal award that is separately tracked by Block Island School (such as set-asides, earmarks, or match/in-kind contributions).

Personnel Activity Report (PAR): A document certifying that the amount of time a multiple cost objective employee spends on each cost objective. The PAR must reflect an after-the-fact distribution of the activities performed; account for the total activity for which the employee is compensated; is prepared at least monthly; coincides with one or more pay periods; and must be signed by the employee. A PAR template is attached to these procedures.

Single Cost Objective Employees: Employees who work exclusively on one cost objective.

Annual Certification: A document certifying that a single cost objective employee worked solely on one cost objective. The certification must be prepared at least every 12 months and must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. The annual certification statement is attached to these policies and procedures.

1.3 PROCEDURE

All employees paid with Federal funds must adhere to the following procedures to complete the appropriate time and effort records. These procedures also apply to employees paid with non-Federal funds that are used as a match (or in-kind contribution) in a Federal program.

a. Determining Cost Objectives

A cost objective is defined as a Federal grant award, or other category of costs, Block Island School uses to track specific cost information. In certain circumstances Block Island School may track the time employees spend on particular activities within a single Federal grant in order to demonstrate compliance with Federal requirements such as earmarks, set-asides, or match/in-kind contributions. When Block Island School uses employee compensation

costs to meet these requirements they are known as “cost objectives.” In such a circumstance, an individual grant program may have more than one cost objective.

Determining cost objectives requires a careful reading of the programmatic provisions in the statute providing the funds. Employees should contact the Finance Office if they need assistance determining the cost objectives on which they work.

b. Single Cost Objective Employees

An employee who works on a single cost objective must complete an annual certification that indicates the employee worked solely on that cost objective for the period covered by the certification. The certification must be prepared at least every 12 months. Either the employee or a supervisor with first-hand knowledge of the work performed by the employee must sign and date the annual certification.

An annual certification must:

- Be executed after the work has been completed;
- State that the employee worked solely on activities related to a particular cost objective;
- Name the employee and the employee’s position;
- Identify the single cost objective;
- Specify the reporting period;
- Be signed by the employee or a supervisor with first-hand knowledge of the work performed; and
- Be dated.

The Finance Office will send the annual certification forms to the appropriate departments and school offices in July. If an employee works on a short-term cost objective whose end date does not coincide with the normal July collection dates for annual certifications (e.g. a supplemental contract for summer school programs), the employee must obtain an annual certification from the Finance Office after the time period for the work has ended.

Executed annual certifications must be forwarded to the Finance Office.

c. Multiple Cost Objective Employees

Employees working on multiple cost objectives must maintain Personnel Activity Reports (PARs) or equivalent documentation indicating the amount of time spent on each cost objective for the period covered by the PAR or equivalent documentation. The PAR or equivalent documentation must be prepared at least every month. The employee must sign and date the PAR or equivalent documentation.

A PAR or equivalent documentation must:

- Be executed after the work has been completed (projections of how an employee is expected to work or position descriptions are not sufficient);
- Account for the total activity for which each employee is compensated, including part-time schedules or overtime (total activity means all of the time an employee works, not

- just the amount of time worked on a Federal program) as well as any holiday, sick, and vacation time utilized;
- Name the employee and the employee's position;
 - Identify all cost objectives including federal program name and CFDA # being worked upon;
 - Specify the reporting period;
 - Be prepared at least monthly and coincide with one or more pay periods;
 - Be signed by the employee (unlike an annual certification a supervisor's signature is not sufficient); and
 - Be dated after the fact (when the work has been completed).

The PAR must be supported with documentation of actual effort, not estimates. Supporting documentation could be a work calendar, work product, time log, or class schedules. Teachers may use their daily schedule as documentation of activity if it does not change during the reporting period. The employee who signs off on the PAR must have supporting documentation for the time reported. Relying on time estimates identified in the grant budget rather than actual time recorded through a work calendar or class schedule will result in an audit or monitoring finding of unallowable costs.

All multiple cost objective employees must complete the PAR, unless they receive permission from the Finance Office to use equivalent documentation in lieu of a PAR.

In compliance with the uniform grant guidance, payroll charges for administrative support staff may be allocated in the same proportion as program staff (required to complete a PAR) that they are assigned to assist, if they are exclusively assigned to that employee. The program staff employee must include a statement with his/her completed PAR that the named administrative support staff member's effort across all cost objectives worked is proportional as their own effort.

The Finance Office will distribute blank PAR forms to the appropriate departments.

Copies of executed PARs, or approved equivalent documentation, must be forwarded to the Finance Office.

d. Supplemental Contracts

As noted above, time and effort records must account for all of an employee's activities (i.e. 100 percent of an employee's time). Thus, if an employee works overtime that time must be reflected in the employee's time and effort record. If, however, an employee works in two distinct positions the employee may maintain separate time and effort records for each position.

e. Stipends

Employees may receive compensation in the form of stipends to participate in activities such as professional development. Employees receiving such stipends for Rhode Island sponsored activities may satisfy time and effort records by signing the sign-in and sign-out sheets provided at the activity.

Employees receiving such stipends for non-Rhode Island sponsored activities should contact the Finance Office to obtain the necessary documentation.

f. Reconciliation

It is Block Island School's practice to charge employee compensation costs to Federal programs based on budget estimates that reasonably approximate how an employee will work during the year. The Finance Office will reconcile payroll charged as compared to the effort incurred in each employee's time and effort records at least quarterly.

If the Finance Office identifies a variance between how an employee's compensation was charged and how the employee actually worked, it will adjust its payroll charges so that the amount charged to Federal funds reflects the employee's actual time and effort. The Finance Office will perform the adjustment annually if an identified variance is less than 10 percent. The Finance Office will perform the adjustment at least quarterly if an identified variance is 10 percent or more. In cases of quarterly variances of 10 percent or more, the Finance Office will determine if the variance is an anomaly or if an amendment to the existing approved budget is required or if a shift in the employee's effort needs to be made.

g. In-Kind Contributions and Matching

Employees who are paid with non-Federal funds that will be used to meet a Federal match requirement (also known as in-kind contributions) must comply with the same time distribution reporting requirements as employees who are paid with Federal funds. In other words, employees paid with matching funds who work on a single cost objective must complete a semi-annual certification in accordance with the procedures in Section b. Employees paid with matching funds who work on multiple cost objectives must complete a personnel activity report in accordance with the procedures in Section c.

h. Document Retention

Time and effort records including any employee supporting documentation must be maintained for a period of at least five (5) years.

i. Employee Accountability and Sanctions

Failure to follow the provisions of this time and effort reporting policy and procedure may subject the individuals, department or school responsible for the violation(s) to administrative and/or disciplinary actions in accordance with Block Island School disciplinary procedures and the judgment of management.

For violations of these Procedures, Block Island School may impose sanctions as follows:

- 1) If time and effort reports are not completed and returned in a timely manner, salary costs associated with uncertified grant activity may be removed from the grant project for that individual and will be charged to a General Fund account.
- 2) Block Island School may suspend any new work by a noncompliant employee, or inclusion of a noncompliant employee in projects or programs, until time and effort reports are up-to-date and properly completed and certified.

- 3) Certification of time and effort reports that are known to be materially inaccurate may expose the individual who completed the reports to personal disciplinary action.
- 4) Further, at the discretion of the Block Island School administration, payment to an individual for time and effort expended on the grant may be withheld if time and effort reports are not complete.