

APPENDIX B

DOCUMENTATION REQUIRED FOR CHARGES TO PAYROLL FOR FEDERALLY FUNDED GRANTS

<p align="center">Documentation Required Under OMB Circular A-87 for LEAs, ESCs, and Open Enrollment Charter Schools Operated by a Governmental Entity</p>	<p align="center">Documentation Required Under OMB Circular A-122 for Open Enrollment Charter Schools Operated by a Nonprofit Organization</p>	<p align="center">Documentation Required Under OMB Circular A-21 for Open Enrollment Charter Schools Operated by Institutions of Higher Education</p>
<p>All charges to payroll for grant-funded personnel must be based on one of the following:</p> <ol style="list-style-type: none"> (1) certification; (2) time and effort records; or (3) substitute system. <p>This section also covers items related to using budget estimates, cost sharing, and job descriptions.</p> <p>(1) <u>CERTIFICATION</u>: For employees:</p> <ol style="list-style-type: none"> (a) who work 100 % of their time under a <u>single grant program</u>; or (b) who work 100% of their time under a <u>single cost objective</u>. <p>These employees are not required to maintain time and effort records. However, each employee must <u>certify</u> in writing, at least semi-annually, that he/she worked solely on the program(s) for the period covered by the certification. The certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed. Charges to the grant must be supported by these semi-annual certifications. This is a requirement under the revised OMB Circular A-87 Cost Principles effective July 1, 1995.</p> <p>“Cost objective” means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred. A Title I, Part A, school-wide program funded from multiple funding sources is considered a “single cost objective.”</p>	<p>All charges to payroll for grant-funded staff must be based on distribution of activity reports. This includes professionals and nonprofessionals for whom compensation is charged, in whole or in part, directly to awards. Therefore, all personnel, whether 100% funded or partially funded, must maintain time and effort records.</p> <p>Employees must prepare time and effort reports, at least monthly, to coincide with pay periods. Such reports must reflect an after-the-fact distribution of 100 percent of the actual time spent on each activity and must be signed by the employee. Charges to payroll must be adjusted based on time and effort records.</p> <p>Charges for salaries and wages of nonprofessional employees must also be supported by records indicating the total number of hours worked each day maintained in conformance with the Department of Labor regulations implementing the Fair Labor Standards Act (FLSA). For this purpose, the term “nonprofessional employee” shall have the same meaning as “nonexempt employee” under FLSA.</p> <p align="center">Refer to OMB Circular A-122 for more detailed information pertaining to charges to payroll under the section entitled “Compensation for personnel services.”</p>	<p>All charges must be based on payrolls documented in accordance with the generally accepted practices of colleges and universities. The method must provide for after-the-fact conformation or determination by responsible persons with suitable means of verifying that the work was performed.</p> <p>The payroll distribution system may reflect categories of activities expressed as a percentage distribution of total activities. Charges may be made initially based on estimates made before services are performed. Significant changes in the work activity must be identified and entered into the payroll distribution system.</p> <p>Examples of Acceptable Methods:</p> <ol style="list-style-type: none"> (1) Plan-Confirmation: The distribution of salaries and wages is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution. Certain standards as outlined in OMB Circular A-21, including an annual statement signed by the employee certifying that the work was performed, must be met. (2) After-the-Fact Activity Records: Distribution of salaries and wages is supported by activity reports which reflect an after-the-fact description of the activity expended by employees. Charges may be made initially on the basis of estimates, provided that such charges are promptly adjusted if significant differences are indicated by activity records.

APPENDIX II (Continued)

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<p>(2) TIME AND EFFORT: For employees:</p> <p>a. who do <u>not</u> work 100% of their time in a single grant program;</p> <p>b. who work under <u>multiple</u> grant programs; or</p> <p>c. who work under <u>multiple</u> cost objectives. These employees are required to maintain time and effort records or to account for their time under a substitute system. (See number 3 below.) Employees must prepare time and effort reports, at least monthly, to coincide with pay periods. Such reports must reflect an <u>after-the-fact</u> distribution of 100 percent of the <u>actual</u> time spent on each activity and must be signed by the employee. Charges to payroll must be adjusted at least quarterly to coincide with preparation and submittal of the quarterly expenditure report.</p> <p>Examples:</p> <p>a. Employees who work partially on administering programs included in consolidated administrative funds and partially on administering other programs must maintain time and effort or account for their time under a substitute system.</p> <p>b. Employees who work partially on administrative activities (and they are paid from administrative funds) and partially on program activities (and these are paid from program funds) must maintain time and effort or account for their time under a substitute system.</p>		<p>Examples of Acceptable Methods (cont'd.)</p> <p>(3) After-the-Fact Activity Records: Distribution of salaries and wages is supported by activity reports which reflect an after-the-fact description of the activity expended by employees. Charges may be made initially on the basis of estimates, provided that such charges are promptly adjusted if significant differences are indicated by activity records</p> <p>(4) Plan-Confirmation: The distribution of salaries and wages is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution. Certain standards as outlined in OMB Circular A-21, including an annual statement signed by the employee certifying that the work was performed, must be met.</p> <p>(5) Multiple Confirmation Records: The distribution of salaries and wages is supported by records which certify separately for direct and F&A (i.e., facilities and administration; synonymous with “indirect”) cost activities.</p> <p>Activity reports must be prepared for each academic term, but no less frequently than every 6 months and must be signed by the employee or a person having direct knowledge of the work performed. Charges may be made initially on the basis of estimates, provided that such charges are promptly adjusted if significant differences</p> <p>Refer to OMB Circular A-21 for more detailed information pertaining to charges to payroll under the section entitled “Compensation for personnel services.”</p>

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<p>(3) <u>SUBSTITUTE SYSTEMS</u> In Lieu of Time and Effort Reports:</p> <p>Substitute systems for allocating salaries and wages may be used in place of time and effort reports. Substitute systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort. Substitute systems which use sampling methods must meet acceptable statistical sampling standards. Refer to OMB Circular A-87 for detailed requirements.</p> <p>Documentation of rationale and calculations for allocating salaries and wages must be maintained for audit purposes. It is recommended that a copy of a Certified Public Accountant's (CPA) approval of a substitute system be kept on file for documentation.</p> <p>If the quarterly comparison between budgeted and actual costs shows a difference of less than 10 percent, adjustments to charges to the grant may be made annually.</p> <p>NOTE: Monthly time and effort reports are still required when using budget estimates.</p> <p>Refer to OMB Circular A-87 for more detailed information pertaining to charges to payroll under the section entitled "Compensation for personnel services".</p>		

- **Meeting Cost Sharing or Matching Requirements:** Salaries and wages of employees used in meeting cost sharing or matching requirements must be supported with time and effort records in the same manner.
- **Job Descriptions:** A current job description for each employee that delineates the program(s) or cost objectives under which the employee works should be available for documentation to support charges to federal programs. For teachers and instructional aides, daily class schedules should provide adequate documentation. Job descriptions should be updated as new assignments are made.