

Baltimore County Public Schools Time and Effort Certification Procedures

Effective July 1, 2007

1. Purpose and Scope

The federal government requires time and effort certification to be completed when individuals are compensated by or have agreed to contribute time (in kind/match) to a federally-funded program or project.

These procedures provide an overview of time and effort certification, including Baltimore County Public Schools' (BCPS) requirements for the process as defined by OMB Circular A-87 (2 CFR Part 225).

2. Definitions

2 CFR Part 225 – This is the location in the Code of Federal Regulations that contains “Cost Principles for State, Local, and Indian Tribal Governments” (OMB Circular A-87). These cost principles include regulations defining what costs are allowable and allocable to federal grants. Additionally, they include regulations on the maintenance of time and effort certification for all persons who are fully or partially compensated for personnel services with federal grant funds.

Cost Objective – “means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.” (OMB A-87/ 2 CFR Part 225) Examples include:

Title I, Part A – The Title I, Part A cost objective would include set of work activities allowable under the terms and conditions of Title I, Part A regulations.

Special Education – The special education cost objective would include activities that are allowable under the terms and conditions of a specific grant that serves special education students.

Multiple Cost Objectives – An employee is considered to be working on multiple cost objectives if:

- the employee is paid partially with federal grant funds and;
- works on activities allowable under the terms and conditions of the federal grant and;
- works on activities not allowable under the terms and conditions of the federal grant.

Or if the employee's salary is comprised of:

- more than one federal grant or;
- a federal grant and a non-federal grant or;
- an indirect cost activity and a direct cost activity or;
- two or more indirect activities which are allocated using different allocation bases.

Office of Management and Budget (OMB) – OMB is a branch of the Executive Office of the President. OMB helps the President formulate his spending plans; evaluates the effectiveness of agency programs, policies, and procedures; assesses competing funding demands among agencies, and sets funding priorities. OMB's circular A-87 is the location for the regulations on the maintenance of time and effort certification for all persons who are fully or partially compensated for personnel services with federal grant funds.

Personnel Activity Report (PAR) – A type of time and effort certification used by an employee working on multiple cost objectives which records and calculates the difference between the employee's budgeted allocation of effort to be spent on activities allowable under the terms and conditions of a grant and the employee's actual effort spent on activities allowable under the grant.

Semi-Annual Certification – A type of time and effort certification used for an employee working on a single cost objective that confirms effort has been spent solely on activities allowable under the terms and conditions of a specified grant.

Single Cost Objective – An employee is considered to be working on a single cost objective if:

- the employee is paid fully or partially with federal grant funds and;
- works solely on activities allowable under the terms and conditions of a specific federal grant.

Variance Report – A BCPS report used by grant managers to record and monitor the outcomes of their employees' PARs on an ongoing basis throughout the course of the fiscal year.

3. Requirements Regarding Time and Effort Certification

OMB Circular A-87/2 CFR Part 225 – “Cost Principles for State, Local, and Indian Tribal Governments” is the federal government's cost principles that are applicable to BCPS. These principles define what costs are allowable and allocable to federal grants. OMB Circular A-87/2 CFR Part 225 also sets forth criteria for acceptable methods of charging salaries and wages to federally-funded programs.

OMB Circular A-87/2 CFR Part 225 requires that institutions develop a process to determine or confirm how individuals paid with federal funds expend effort during a specified time period.

Failure to adequately document employees' time and effort related to federal funds could result in audit findings, questioned costs consisting of salaries, wages, and related benefits, or potential repayment of disallowed costs.

4. Time and Effort Certification Procedures

4.1 Determining Employee Position Lists

At the beginning of each fiscal or school year as appropriate, each grant manager will review the positions that are funded by a federal grant(s) and determine whether each employee will be working on a single cost objective or multiple cost objectives.

Additionally, throughout the course of the year, the grant manager will determine the cost objective status of any new employee or employee whose salary allocation has been modified to be paid fully or partially from a federal grant.

4.2 Employees Working on a Single Cost Objective

Employees who work solely on a single cost objective will have their time and effort confirmed twice annually through the use of a *Semi-Annual Certification*. The employee or supervisor with first hand knowledge of the employee's work will certify that all time and effort expended in the prior six-month period was in accordance with the cost objective identified on the form.

Semi-Annual Certifications will include the names of all individuals paid through a specified federal grant who have worked on a single cost objective in the previous six month period. These certifications will be distributed by the appropriate grant manager for the time period of July 1st – December 31st and January 1st – June 30th. The *Semi-Annual Certifications* will be collected and reviewed by the appropriate grant manager in a timely fashion, on or about the end of the month in which they are distributed.

An alternative to using the *Semi-Annual Certification* is to include a certification statement (either stamped or typed) on the employee's *Request for Miscellaneous Payroll* form, *Paid Helper Timesheet*, or other form used to support payroll charges. This method may be used for hourly and/or temporary employees whose time is charged to the actual funding source in the payroll records for that specific time period. The grant manager will make the decision of the method to be used. For example, the Office of Food and Nutrition Services has adopted this method for the certification of the majority of its employees.

If at any time the employee and/or supervisor notes that an employee's duties are no longer solely committed to a single cost objective, the employee will immediately be determined to be working on multiple cost objectives and will begin following the process listed in section 4.3 below to document her/his time and effort.

4.3 Employees Working on Multiple Cost Objectives

Employees who work on multiple cost objectives will be required to confirm their time and effort bi-weekly through the use of a *PAR*. The *PAR* will certify how an employee's time and effort was spent on the prior two weeks' duties.

PARs will be distributed by the appropriate grant manager at the beginning of each fiscal or school year, as appropriate. These forms will be prepared by the employee after the work has been completed and will account for all hours for which the employee was compensated. The *PARs* will then be signed by the employee and supervisor with first hand knowledge of the employee's work and submitted to the grant manager on or about the end of each month.

If an employee is on leave and is being compensated through vacation, sick, urgent business, family illness or other type of paid leave, the effort reported on the *PAR* for that time will be documented in direct proportion to their salary split.

On a quarterly basis, the grant manager will document any variance between the amount of time an employee was budgeted to work on a designated cost objective and the amount of time the employee actually spent working on the cost objective through the completion of the *BCPS Time and Effort Variance Report (Variance Report)*.

If the *Variance Report* demonstrates that the grant has been overcharged, the grant manager will reconcile the variance by completing a journal voucher to move the appropriate amount of funds from the grant to the other funding source or sources through which the employee is paid. If the *Variance Report* demonstrates that the grant has been undercharged, the grant manager will contact the supervisor of the other funding source or sources through which the employee is paid to determine an appropriate course of action.

If the *Variance Report* demonstrates a continuous variance for any employee, (two quarters of *Variance Reports* demonstrate variances), the grant manager will contact the supervisor of the employee and the supervisor of the other funding source or sources through which the employee is paid to determine if a position allocation change should be completed or if the employee's job duties should be modified.

4.4 Special Circumstances

Any employee whose job functions do not clearly conform to the system described herein shall be classified appropriately at the discretion of the grant manager in consultation with the grant specialist in accordance with the provisions of OMB A-87/2 CFR Part 225.

Third Party Billing

Although Third Party Billing is a separate funding source; it does not represent a separate activity and is not a federal grant. Therefore, Third Party Billing is not considered to be a cost objective and is excluded from these procedures.

5. Documentation Retention

All federal grant documents (including but not limited to *PARs*, *Semi-Annual Certifications*, *Variance Reports*) shall be retained for a minimum of five (5) fiscal years after the end of the grant period. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 5-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 5-year period, whichever is later.