

Standards for Documentation of Personnel Expenses

Scope

Salaries and wages charged to federal awards must be based on records that accurately reflect the work performed, be supported by a system of internal controls, and comply with the requirements of 2 C.F.R. § 200.430(g)¹ and the established written policies and procedures of the recipient or subrecipient.

In addition, salaries and wages of employees used to meet the cost-sharing requirements of federal awards must be supported in the same manner as those claimed for reimbursement from federal awards.

Time and effort documentation must be incorporated into the official records of the recipient or subrecipient and made available for review upon request, such as during an audit or monitoring. In accordance with 34 C.F.R. § 81.31², time and effort records should be retained for five (5) years.

Reconciling Budget Estimates

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards; however, they may be used for interim accounting purposes, provided that the system for establishing the estimates produces reasonable approximations of the actual activity performed. Significant changes in the related work activity must be promptly identified and entered into the accounting records.

The grantee's system of internal controls must include a process to perform periodic after-the-fact reviews of interim charges made to a federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to all federal awards is accurate, allowable, and properly allocated.

Time and Effort Documentation

Charges to federal awards for salaries and wages of employees who work on a **single cost objective**³ must be supported by after-the-fact documentation such as a semi-annual certification⁴ or other similar time and effort documentation that meets the following standards:

1. Identifies the accurate cost objective;
2. Reflects the total activity (100%), federal and/or non-federal, for which the employee is compensated;
3. Completed at least twice a year; and
4. Signed after the fact by the employee and/or supervisor having direct knowledge of the work performed.

Charges to federal awards for salaries and wages of employees who work on **multiple cost objectives** must be supported by after-the-fact documentation such as a personnel activity report (PAR)⁵ or other similar time and effort documentation that meets the following standards:

1. Identifies the accurate cost objectives;
2. Reflects the total activity (100%), federal and/or non-federal, for which the employee is compensated;
3. Supports the distribution of the employee's salary or wages among cost objectives;
4. Completed at least monthly; and
5. Signed after the fact by the employee.

Charges for the salaries and wages of nonexempt employees must also be supported by records indicating the total number of hours worked each day.

Single Cost Objective

A cost objective means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which costs are incurred.

The key to determining whether an employee is working on a single cost objective is whether the employee's salary and wages support one integrated set of activities that could be fully charged to a single cost objective, regardless of whether the salary is funded by one or multiple federal awards, or by a combination of federal and non-federal funds.

Examples of a "single cost objective":

1. An LEA supports a supplemental math teacher to serve low-achieving students with 50% Title I, Part A funds and 50% state and local education funds.

Teaching math to low-achieving students is a single cost objective because it can be fully supported under either funding source, Title I, Part A, or state and local funds. Therefore, even though the employee's salary is supported by a federal award and a non-Federal award, a semiannual certification or similar documentation is sufficient.

2. A high school math teacher's regular salary is paid with state and local funds. The teacher also tutors high-risk students in an after-school program and is paid with Title I, Part A funds.

Although the teacher could not be paid with Title I, Part A funds to teach the high school math class, the portion of the teacher's salary allocated for tutoring is easily segregated from their daily teaching schedule. Accordingly, the teacher's after-school tutoring activities are a single cost objective, and the teacher needs only to complete a semiannual certification or similar documentation for the time paid with Title I, Part A funds.

Assignment of Unrelated Duties

Any employee who is charged to a federal award or to state and local funds used in meeting cost-sharing requirements of a federal award, who is also assigned and performs duties unrelated to the award, must track time and effort using a PAR or similar documentation that meets the requirements of 2 C.F.R. § 200.430(g). Only the corresponding portion of the salary may be charged to the federal award or cost-sharing requirements. For example, a Special Education Supervisor who is also assigned as the Section 504 Coordinator, VPK Grant Director, and/or Regular Education Homebound Services Supervisor may not charge these unrelated duties to the federal award. According to 2 C.F.R. § 200.405(a)⁶, costs are allocable to a federal award if the cost is assignable to that federal award in accordance with the relative benefits received.

De Minimis Salaries and Wages

In recording working time, insubstantial or insignificant periods of time beyond the scheduled working hours, which cannot, as a practical administrative matter, be precisely recorded for payroll purposes, may be disregarded, as they are considered de minimis.

Examples of de minimis work time could include:

- Time spent turning off the lights and locking the doors at the end of the day.
- Time spent powering up or down a computer at work.
- Time spent checking tools in and out for work.

An employer may not arbitrarily fail to count as hours worked any part, however small, of the employee's fixed or regular working time or a practically ascertainable period of time that the employee is regularly required to spend on duties assigned to them.⁷

Federal Regulations and Resources

1. [2 C.F.R. § 200.430\(g\)](#) Standards for Documentation of Personnel Expenses.
2. [34 C.F.R. § 81.31](#) Measure of recovery.
3. [2 C.F.R. § 200.1 Definitions](#) *Cost Objective*
4. [Semi-Annual Certification Example Template](#)
5. [Personnel Activity Report Example Template](#)
6. [2 C.F.R. § 200.405\(a\)](#) Allocable Costs.
7. [29 C.F.R. § 785.47](#) Where records show insubstantial or insignificant periods of time.

Contact

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