

# Special Report: Time & Attendance

## COMPLIANCE TOPICS: TIME AND EFFORT REPORTING

“What do you mean I have to record my time? I’m a Professional!”

Heard this before?

Many employees are surprised to find that they must track and report their time and effort when they work for a company or organization getting Federal grants.

Salaried professionals are often the most surprised as they may have not had to track their hours in other jobs.

In this Special Report, I’ll walk you through some of the common time and effort reporting “land-mines” and how to avoid them.



To your success!

*Lucy*

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# Time Tracking: What is required?

Time and effort reporting is basically tracking and reporting the amount of time spent and effort put in, on a federally sponsored project.

All employees involved in a federally sponsored project are obliged to reports on the amount of effort spent by them on the project.

The system used for effort reporting can vary, but has several common elements.

## After-the-fact determination of the actual activity of the employee.

This means that you can't just put in a budget estimate (i.e. an estimate determined before the work is performed) to support labor costs on a Federal Award.

## Report on total activities of employees.

This means that 100% of the efforts for which employees are compensated for must be accounted for – not just the time spent working on the Federal Grant.

Example of Time and Effort Reporting:

$$\begin{array}{rcccl} \% \text{ of effort paid by} & & \% \text{ of effort paid by non-} & & 100\% \text{ Effort} \\ \text{Federal Grant} & + & \text{Federal Sources} & = & \text{Reported} \end{array}$$

## Report by Specific Federal Grant.

Sometimes employees mistakenly think that it doesn't matter which Grant they charge their time to, since "It's all Federal money!"

This couldn't be farther from the truth.

The reality is that time and effort spent must be charged to the grant for which the work was actually done.

Anything less than this risks labor costs being disallowed.

## Signed by the Employee

Time and Effort reporting must be signed by the individual employee, or by a responsible supervisory official having first-hand knowledge of the activities performed by the employee.

If the time and effort reporting is not done properly supported by the organization they can suffer unpleasant consequences, including disallowance of costs and hefty fines.

Non-compliance with Federal Grant requirements can also result in audit findings and cost disallowances.

These types of issues can lead to sanctions including discontinuation of Grants in the future if the case has gone to a very severe degree.

Organizations need to ensure that the employees understand the requirements!

## 5 Shortcuts for Getting a Time and Attendance Process in Place

We've been tracking the unfortunate situation at a Pennsylvania non-profit having their *grant funding frozen* after *\$20 million* in spending was out of compliance.

*It is a very sad story.*

*Lots of audit findings, lots of areas of non-compliance.*

Not to mention lots of heads rolling in the organization after the *grant management...or lack of it was revealed.*

## Don't Just Wing Personnel and Fringe Benefit Costs

Grant Management that is in compliance with the Administrative Requirements charges for salaries and wages must be based on *documented* payrolls approved by a *responsible official* of the organization.

The charging of salaries to Federal awards *must be backed up* with personnel activity reports.

## Are You Making These Mistakes?

*Unfortunately, the recent audit of this organization revealed:*

- Charges to the grant for wages were based on *budget* amounts, *not actual costs*
- *Contractor* payments were charged as to the grants as part of the *salaries* category

- Employees were *unaware* that they were working on a grant project and *didn't understand* the time-tracking requirements
- The total time that each employee was compensated for was *not* tracked
- Time sheets were *not signed* by the employee, nor approved by a *supervisor*
- Time amounts allocated to the federal grant could *not be substantiated*
- Expenditures were *not* supported by *payroll records*

## Turn This Lemon into Lemonade

Let's learn from their mistakes and see what their corrective action plan can show us about building a time and attendance process.

Here are *5 shortcuts* to having a time and attendance process that meets the requirements for charging the federal grant for salaries.

### Shortcut #1 Have a Timekeeping Policy

The organization should have a policy in place to ensure that all time spent on grant-related activities is *accurately tracked and approved*.

## Shortcut #2: Have a Process for Timecard Submission and Approval

*Spell out:*

- *When* each employee must submit their timecards
- What hours must be reported- (*Hint: All hours must be reported even if not worked on the grant.*)
- *Who* must approve the timesheet and by when
- Certification by *both* the employee and their direct supervisor that the hours were spent in accordance with *approved* grant budgets

## Shortcut #3 Have a Training Process-Including Refresher Training

Make sure that employees receive adequate training on what the requirements are for charging time to the grant and maintaining adequate timekeeping records in compliance with the Administrative Requirements.

- *Refresher* training should be held at periodic intervals for all employees and for instances of *non-compliance*.

## Shortcut #4 Have a Communication Process

Make sure that regular communication and information from the Finance Department or other Grant Management professionals are flowing back to the employees *working* on the grant and supervisors *reviewing and approving* timecards.

*This communication should include:*

- The amount of time the employee is *expected to devote* to the grant activities for each time period.
- A comparison of *actual spending to date against the grant budget* so the certifying supervisor can ensure that actual spending is in accordance with the approved grant spending plan.

## Shortcut #5 Limit Expenditures to Approved Personnel

The ability to enter grant time on an employee's timesheet should be *limited* to employees listed on the approved grant budget.

*Additionally:*

- The supervisor should verify that the employee is *authorized to charge* time to the specific grant *prior* to approving the timesheet.
- The Finance Department or other responsible Grant Professionals should reconcile the timesheets so that *only employees* who are *authorized to charge* time to the federal award are doing so and that spending is in-line with the *approved* grant budget.

# What About Your Organization?

What about *your* time-keeping process?

Would it stand this level of scrutiny?

Now is a great time to *review and update* your time and attendance policies and procedures for your organization.

Ignore your time and effort reporting and risk disallowance of labor costs!

# Are You Ready To Take Your Grant Management Even Further?

We've put together the most up-to-date and comprehensive online training on the new grant management regulations we've ever produced, we call it the **NEW Grant Management Boot Camp Bundle**.

Ready for the new regulations?

This special report you've just read has covered the very basics of building your own grant management expertise ...but that's just the beginning.

We've been expanding training and resources for grant management for nearly a decade. We've been fortunate enough to enjoy a lot of success along the journey, but it took a lot of work...and we've made our share of mistakes along the path.

- What if you could benefit directly from those years of experience – and avoid making similar mistakes?
- What if you could effortlessly access the lessons of grant managers and other professionals all working towards the same goal as you?
- What if you could easily keep up with the latest grant management resources, changes and trends?

We've got something to show you. We call it Grant Management Boot Camp, and it supports a well-trained workforce with training, e-mentoring and other resources to get you ready quickly and easily.

[Click Here](#) To See What **Grant Management Boot Camp** can do for you!