Recording and Collecting Time and Effort Documentation for Federal Grants

When your organization pays all or a part of an employee’s wages using some of a federal grant award, the organization must abide by federal rules for spending the grant award. The rules that govern spending federal grant monies are referred to as the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and more succinctly as Uniform Grant Guidance (UGG).

What does UGG say?

§200.430 Compensation—personal services.

Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE’s definition of IBS);

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity’s written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and

(vi) [Reserved]

(vii) Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Your Organizations Responsibilities with Employee Time and Effort Records

Your organization must:

- Collect and report any employee’s time and effort working if any part of the employee’s wages are paid by the federal grant.
- Keep the record of the employee’s time and effort documentation.
- Have internal controls to verify that the work was completed as described in the documentation.