



TIME AND EFFORT REPORTING

- PRESENTED BY:
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WILDFIRE
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MEET YOUR PRESENTER!



- Originally from Nashville, Tennessee;
- Favorite places include the Parthenon in Nashville, Istanbul, and Dubai;
- More than 15 years of experience in municipal budgeting, public financial management, governmental audit, and management consulting;
- Currently serving as a Director with Emy Neuman-Javornik PLLC (ENJ PLLC) responsible for public sector consulting client delivery and business development within his areas of specialization (grants management, municipal financial and program management, and internal control design, documentation, and testing/monitoring);
- Previously served as Deputy Finance Director for the City of Columbus, Ohio, responsible for Asset Management and Grants Management;
- Proud member of the Crowe LLP Public Sector Consulting and Government Audit groups for 13 years ultimately rising to the level of Senior Manager before departing to become Deputy Finance Director in Columbus;
- Immediate Past President of the National Grants Management Association (NGMA) and current member of the Thompson Grants Advisory Board.

3 LEARNING OBJECTIVES

1

Discuss what methods are acceptable for maintaining time and effort documentation.

2

Review best practices for developing a system for reporting time and effort.

3

Discuss which audit procedures to anticipate.

4 OUR PATH TO SUCCESS

- What are Time and Effort?
- Systems to Manage T&E
- Audit Preparation
- Questions
- Wrap-Up

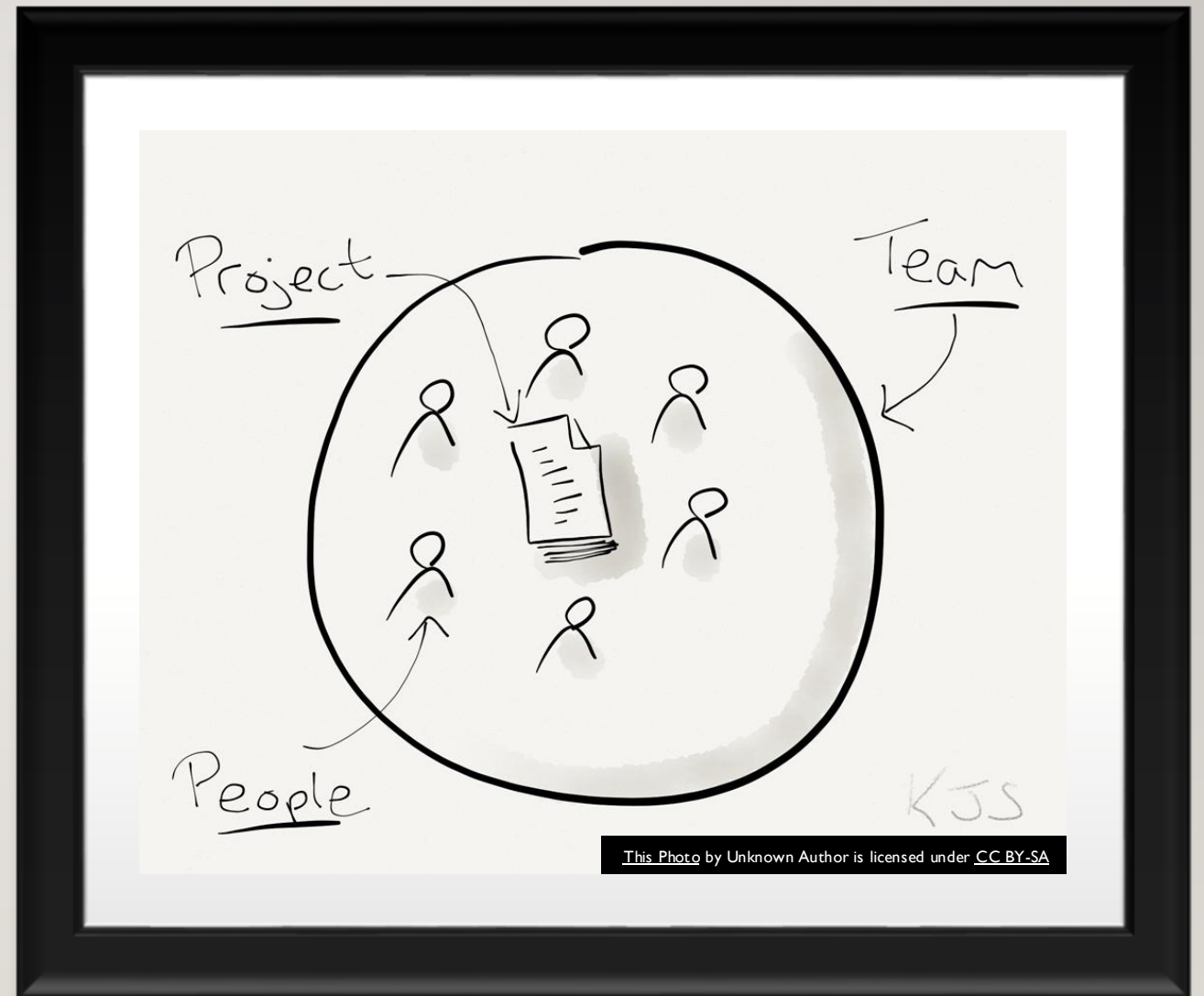
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WHAT ARE TIME & EFFORT?



6 WHAT ARE TIME AND EFFORT?

- You may recall that – for a cost to be reimbursable – it must be:
 - Allowable;
 - Allocable; and
 - Reasonable.
- Timekeeping and Effort Reporting are processes intended to support the allocation of labor costs, which include:
 - Base compensation; and
 - Fringe Benefits.



7 WHAT ARE TIME AND EFFORT?

- Timekeeping is a process by which hours worked are reported on a pre-established interval.
 - The recommended interval is daily.
 - Time reported must reflect total compensated time worked and reconcile to the payroll or the applicable pay period.
- Effort reporting represents an estimated distribution of total hours worked during an established time period.
 - Most often used in the college and university setting.
 - Inherently less accurate than timekeeping, but with proper internal controls is expected to result in a compliant labor cost distribution.

8 POLLING QUESTION I

- Does your organization utilize a timekeeping approach or an effort reporting approach or both?
 - A. Timekeeping
 - B. Effort Reporting
 - C. Both
 - D. Um, Yes
 - E. Propane and propane accessories

9 WHAT ARE TIME AND EFFORT?

- Let's look at a couple of examples.
- Example #1: Timekeeping for a non-exempt team member who is direct charging projects. Compensation level is \$50/hr. 40 Total Hours Worked.

Day / Project	Mon	Tue	Wed	Thr	Fri	TOTALS
SNAP	4	8	2	3		17
CDBG	4		6	5	8	23

10 WHAT ARE TIME AND EFFORT?

- What amount (direct labor only) should be charged to SNAP? To CDBG?
- How does this change if the individual is exempt such that compensation is fixed per pay period? Assume annual base compensation is \$100,000.

Day / Project	Mon	Tue	Wed	Thr	Fri	TOTALS
SNAP	4	8	2	3		17
CDBG	4		6	5	8	23

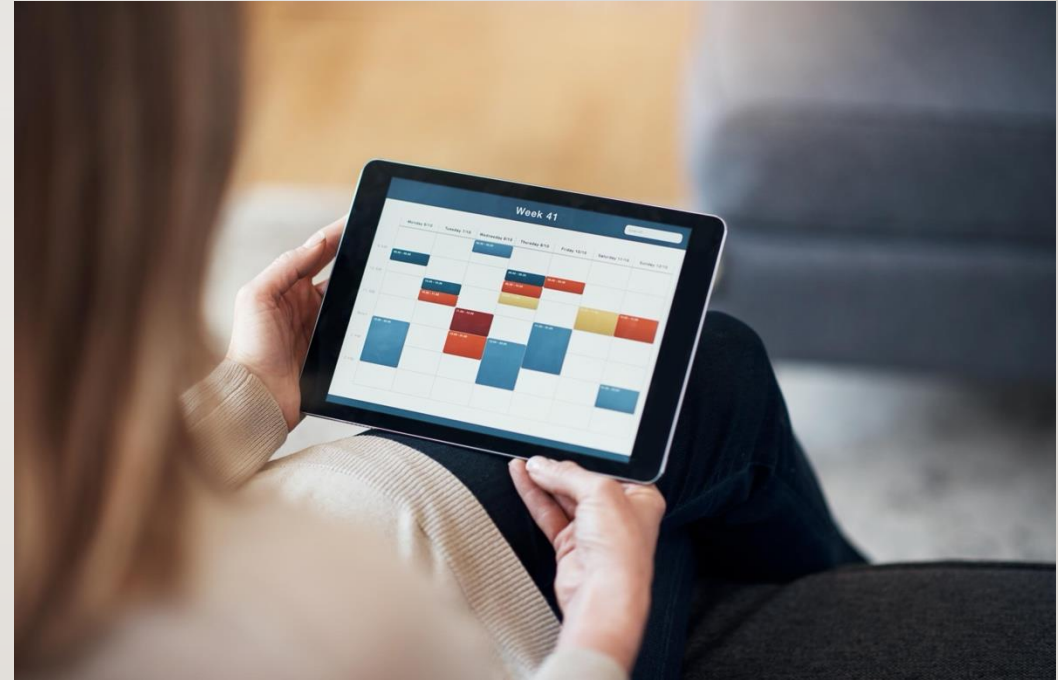
WHAT ARE TIME AND EFFORT?



- 2 CFR Part 200.430, “Compensation – Personal Services,” is our core regulation.
 - Defines compensation as total remuneration – current and accrued.
 - To be allowable, compensation costs must:
 - Be reasonable for the services rendered and conform to the established written policy of the recipient or subrecipient consistently applied to both Federal and non-Federal activities;
 - Follows an appointment made in accordance with the recipient’s or subrecipient’s laws, rules, or written policies and applicable statutes; and
 - Be determined and adequately supported.
- **Discussion Question for the Chat: What documentation would you consider to be adequate?**

12 WHAT ARE TIME AND EFFORT?

- Supporting documentation requirements appear in 2 CFR Part 200.430(g). Records must accurately reflect the work performed and must:
 - Be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - Be incorporated into the entity's official records;
 - Reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient;
 - Encompass federally-assisted and all other activities compensated by the recipient or subrecipient;
 - Comply with the established accounting policies and procedures; and
 - Support the distribution of the employee's salary or wages among specific activities or cost objectives.
- Note: IHE-specific items have been excluded.

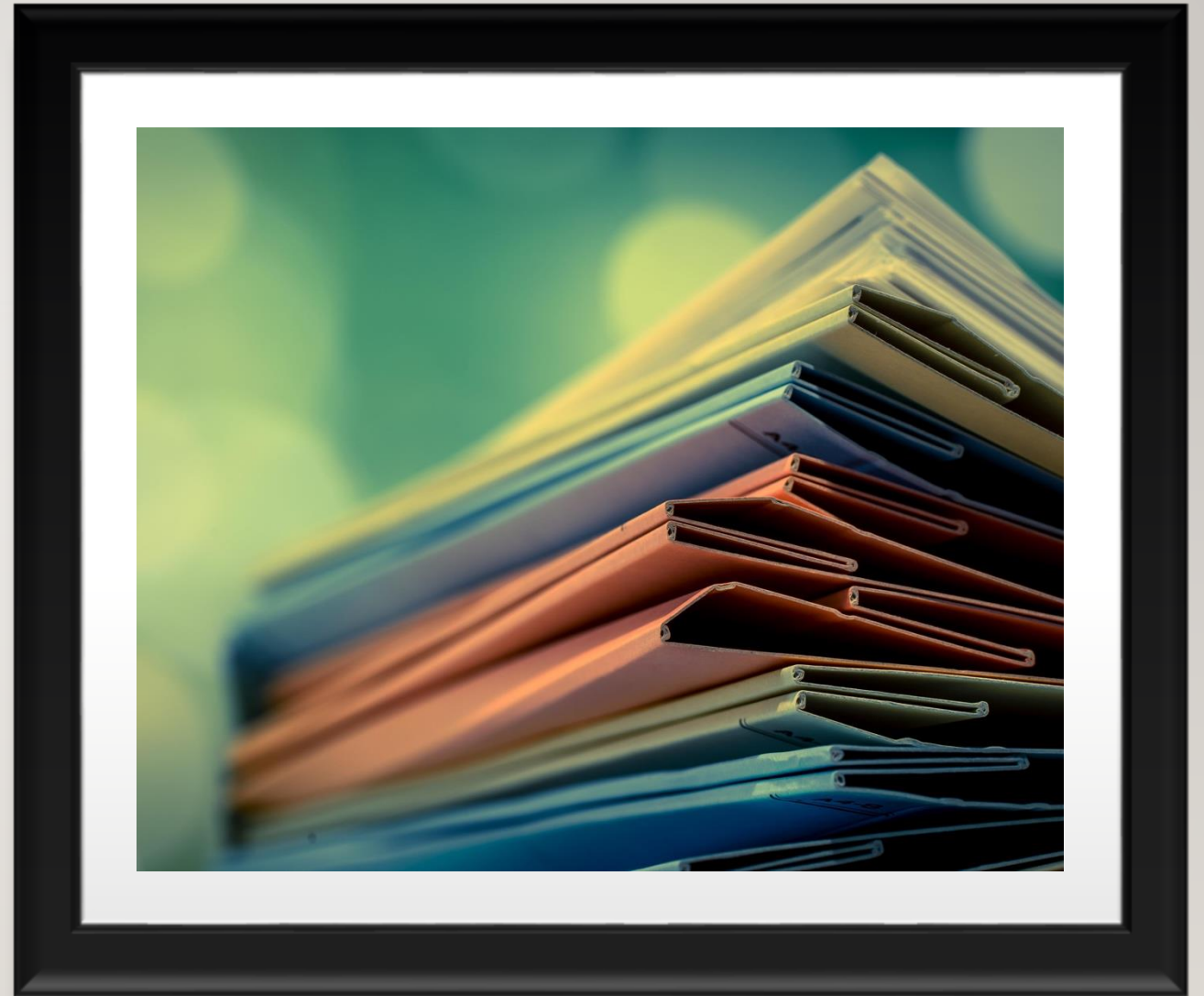


13 WHAT ARE TIME AND EFFORT?

- Matching and Cost Sharing
 - Certain programs require matching or cost sharing.
 - Grants agreements and authorizing legislation prescribe the required percentages.
 - Requirements may be met using eligible sources that are included in the approved budget, including non-federal cash, donated items or services, or donated/contributed time.
- Recall: there may be additional restrictions as well in program guidelines, prime and subaward agreements, authorizing legislation, and agency regulations. Examples include:
 - Compensation limitations;
 - Additional supporting documentation; and
 - Allowable activities.

14 POLLING QUESTION 2

- Does your organization have a written policy on timekeeping?
- A. Yes
- B. No
- C. Why are you pickin' on us?



15 POLLING QUESTION 3

- How many of your colleagues do you think have read the policy?
- A. None of your business
- B. Don't play with me today.
- C. All of them – Final answer.



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BEST PRACTICES



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17 BEST PRACTICES

- Timekeeping
 - Labor costs are consistently the highest and most significant element of cost charged to grants at the prime and subrecipient levels.
 - What makes timekeeping difficult?
 - Activity based vs attendance based
 - Change from mandated timekeeping methods to permitting flexibility at the non-federal level
 - Untimely completion of timesheets and time records
 - Exception based timekeeping
 - 100 percent of time worked not reported
 - Copy/paste-itis
 - Appropriate treatment of overtime
 - Leap years
 - Budgeted vs actual programs, cost objectives, and levels of effort
 - Overtime
 - The rubber stamp
 - What can you do to mitigate the risk?



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18 BEST PRACTICES

Documented
procedures

Regular
training

Access
controls

Periodic
reconciliations

Internal audit

Active budget
management

Applied
technology

AUDIT PREPARATION



20 AUDIT PREPARATION

- Time and effort matters mainly arise during:
 - Payroll cycle testing;
 - Internal control interviews;
 - Review of prior audit and monitoring reports;
 - Allowable cost, allowable activities, and cash management testing; and
 - Testing of transfers and adjustments.
 - Documentation is essential – whether electronic or physical.
 - We often see testing start at the draw or reimbursement/advance payment request stage.
- Why?**



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21 AUDIT PREPARATION

- Within any payment request, labor costs are likely to be found.
- Labor costs are the base for significant billings due to *associated costs*.
- Associated costs are those such as fringe benefits and indirect costs.
- Our standard formula is:

(Allowable Direct Labor Allocation * Fringe Benefit Rate) = Total Reimbursable Labor Cost Per Person

- Indirect costs are then charged based on the allowable direct cost base * the indirect cost rate.
 - There are two common bases: modified total direct costs (MTDC) and direct salaries and wages.
 - Indirect cost rates must be approved and included in grant agreements and subaward agreements.

22 AUDIT PREPARATION

- Indirect cost billings are a common area of error and findings for recovery.
- Often, the MTDC is the actual error coupled with billing process.
- MTDC is defined (as of 10/1/2024) as follows per 2 CFR Part 200.1:
“...all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$50,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs and with the approval of the cognizant agency for indirect costs.”

A background image featuring a dense cluster of colorful balloons in shades of yellow, orange, blue, and red, with thin gold and silver streamers hanging from them. The balloons are slightly out of focus, creating a soft, festive atmosphere.

AUDIT PREPARATION

23

- The base factors in budgeting AND in reimbursements.
- Let's do a billing example on the next slide.
- Assume the entity seeking reimbursement is a not for profit organization.

24 AUDIT PREPARATION

- What is the appropriate indirect cost amount to claim for reimbursement?

Item	Budget Category	Cost Element	Amount
1	Personnel (January 2025)	Direct Labor	\$70,000
2	Fringe Benefits (Jan 2025)	Fringe Benefits – 20%	\$14,000
3	Equipment	Video Surveillance/Security Cameras - Huawei	\$150,000
4	Contractual	Eric's Training Partay	\$67,000
5	Subrecipients	Hey Girl Hey, Inc. – Year 2 of \$250K SAA	\$75,000
6	Indirect Costs	Indirect Costs – 15%	\$22,650
7	Total		?????



QUESTIONS

THANK YOU!!!

Contact Me

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