

Gail Borden Public Library District (GBPLD) must comply with labor reporting requirements when labor is charged to a federal award source – whether as part of direct costs or as part of an indirect cost pool consistent with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards [2 CFR 200.430 Compensation—personal services](#).

Federal regulations require charges to federal awards for labor to be based on records that accurately reflect the work performed. For labor costs to be allowed to be charged to a federal award, they must follow the Standards for Documentation of Personnel Expenses located in [2 CFR 200.430\(g\)](#). These standards require that labor records be:

- Supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- Incorporated into the official records of the organization.
- Reasonably reflect the total activity for which the employee is compensated.
- Encompass is federally assisted, and the organization compensates all other activities on an integrated basis but may include the use of subsidiary records as defined in the organization’s written policy.
- Comply with the established accounting policies and practices of the organization.
- 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.

GBPLD complies with these standards by requiring regular after-the-fact certification of effort by everyone whose salary is charged to a federal award during an effort reporting period. GBPLD’s time and effort procedures are part of a system of internal controls that provides reasonable assurance that charges to federally sponsored projects are accurate, allowable, and properly allocated. In addition, the compensation for employees who work with federal funds is consistent with the remuneration of similar work performed for non-grant-funded projects and/or in other comparable organizations.

Definitions

- **Cost Objective:** a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, and capital projects. A cost objective may be a significant function of the organization, a particular service or project, a federal award, or an indirect cost activity.
- **Effort:** Effort is defined as the proportion of time spent on any activity expressed as a percentage of the total activities for which an individual is compensated by GBPLD, regardless of part-time or full-time status and/or number of hours worked. Accordingly, total effort is always 100% whether an employee is full-time or part-time.
- **Time and Effort Reporting:** Time and Effort reporting is the process by which GBPLD confirms and documents that the labor billed is reasonable and accurately reflects the actual

effort expended on projects during each reporting period. The methodology used is an “after-the-fact” certification process. Time and effort reports must be a single, certified document that reflects 100% of an employee’s time worked in a given period.

Procedures

The CEO and Director of Grants will identify the positions that are funded by or dedicated as part of a formal matching contribution to every new federal award and ensure that the relevant supervisor and employee are aware of the time and effort reporting requirements.

GBPLD uses Paycom to manage payroll for exempt and non-exempt employees. Employees shall also complete time and effort reporting, certifying time spent on each federal grant program with which they work. Suppose an employee's salary and benefits are funded in part by a federal program. In that case, the employee must spend a proportionate amount of time and effort on activities that benefit the federal program.

The following time and effort reporting procedures will be used for both employees working on a single cost objective and those who work on multiple cost objectives. This includes employees whose time is only partially grant-funded. The proportional time and effort expended on each cost objective is recorded using a Federal Grant Time and Effort Documentation form, which allows the employee to capture their total time and effort monthly. The Federal Grant Time and Effort Documentation must be prepared, signed, and dated by the employee and certified by a supervisor with first-hand knowledge of the employee’s work.

The form is then sent by the supervisor to the Director of Grants and the Director of Finance by the seventh working day of the following month. The Director of Finance ensures the Federal Grant Time and Effort Documentation is reconciled to documented payrolls monthly and maintained in the grant records. Employees who are paid from multiple funding sources must report their hours worked according to the activities actually performed during a given period, and not according to how their salary is budgeted.

If effort levels or assignments change substantially, employee supervisors must report deviations from allocation estimates to the Director of Finance and the Director of Grants. The Director of Finance will review and adjust budget estimations to actual effort prior to final financial reporting.

Special Considerations

- **Federal grant compliance management, administration, and technical support** benefiting more than one federal cost objective and for which multiple cost objectives could be charged. Activity in this category may be necessary due to federal award requirements. For example, the development of cross-cutting policies and procedures for grant administration and compliance. Other examples are management meetings to discuss the effectiveness of grant compliance controls, the training of compliance staff regarding grant control activities and procedures, meetings to discuss and train staff regarding the reimbursement of earned interest payable back to federal funds, etc. In this circumstance, time may be allocated to multiple federal cost objectives.

- **Development of new grants.** Time spent working on a new grant for which there is no award cannot be charged to a grant. Time spent on grant development activities is not allocable to a federal award unless earmarked as an allowable cost in the federal grant instructions, request for proposal, or awarded grant agreement.
- **Paid time off,** jury duty, bereavement leave, and other paid time off will be charged to the award proportionate to the level of effort.
- **Cost-share/Matching funds.** Suppose any employee effort under a federal award will be counted as matching funds. In that case, GBPLD will maintain documentation supporting the personnel costs counted as match in the same manner it would for personnel costs charged directly to the grant.

Review of this Policy

In the interest of maintaining best practices, the GBPLD Board of Trustees will review this policy annually or as needed according to federal grant awards.