

**Time and Effort Reporting
for State and Federal Programs**

Requirements for California Schools and Districts

Categorical Program Directors
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Topics & Scope

- This presentation follows and parallels Kristen's
- Focus on issues uniquely relevant to California
- Emphasis on recent refinements, new developments, and saving time in time accounting

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Topics & Scope, continued

- We'll take a short stroll through California School Accounting Manual (CSAM) Procedure 905, Documentation of Salaries and Wages
 - The "cost objective" is the key to it all
 - Documentation methods for federal & state programs
 - Sample forms, which to use, & why

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Topics & Scope, continued

- We'll pay a brief visit to CSAM
Procedure 780, Consolidation of NCLB
Administrative Funds
 - Legal loopholes & timesaving strategies

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Topics & Scope, continued

- We'll touch on other emerging issues,
breaking news, and recent resolution of
some pesky problems
 - Ed Jobs
 - School Wide Programs

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Time Accounting in California

- Resources for California: All resources
listed in Kristen's presentation, plus the
California School Accounting Manual
(CSAM):
 - Procedure 780, Consolidation of NCLB
Administrative Funds (in handout)
 - Procedure 905, Documenting Salaries and
Wages (in handout)

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Time Accounting in California

A short stroll through CSAM 905

● The “cost objective” is the key to it all (p. 905-2)

- For purposes of supporting salary expenditures, identification of cost objectives allows funding sources to be pooled for a common objective
- In practical terms, a cost objective is a set of work activities allowable under the terms and conditions of a particular funding source
- The most significant factor is not the number of funding sources supporting the salary, *but rather the activity being performed*

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Time Accounting in California

A short stroll through CSAM 905

● The “Single Cost Objective” (p. 905-2)

- A set of work activities may be considered a single cost objective when both the services being performed and the populations being served are allowable under any of the programs supporting the cost objective
- That is, the funding sources are homogeneous
- Stated another way: Costs allocable to that cost objective must be allowable under any of the programs that fund the activities

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Time Accounting in California

A short stroll through CSAM 905

● The “Single Cost Objective” (p. 905-2)

- Note that homogeneous funding sources are the exception rather than the rule
- If it is not clear whether funding sources are in fact homogeneous, the activities should be treated as multiple cost objectives rather than as a single cost objective

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Time Accounting in California
A short stroll through CSAM 905

- **Examples of a “Single Cost Objective”**
 - A Schoolwide Program (more on this later)
 - A drug prevention counselor or a special education instructional aide, funded by a mix of federal and/or state awards, where the services provided and the populations served are eligible and allowable under any of the awards

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Time Accounting in California
A short stroll through CSAM 905

- **The “Multiple Cost Objective” (p. 905-4)**
 - When an employee works on more than one award and the activities performed may not be considered a single cost objective, the employee is considered to work on multiple cost objectives

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Time Accounting in California
A short stroll through CSAM 905

- **Example of a “Multiple Cost Objective” (p. 905-5)**
 - An employee provides similar services all day, but his position is supported by multiple federal awards that have different rules as to the eligibility of participants or allowable costs

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Time Accounting in California
A short stroll through CSAM 905

- **Documentation methods for federal programs (p. 905-7)**
 - **Guiding principle: The cost objective(s) on which an employee works is the main factor in determining how federal time documentation requirements can be satisfied**
 - ⇨ Periodic certification
 - ⇨ Or the detailed personnel activity report

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Time Accounting in California
A short stroll through CSAM 905

- **Periodic (semi-annual) certification (p. 905-7)**
 - **The periodic certification must be signed by the employee or by the supervisory official having first-hand knowledge of the work performed by the employee**
 - **A blanket certification may be used for all employees who worked on the cost objective**
 - **The purpose of a blanket certification is to simplify the time documentation process**
 - ⇨ Unofficial CDE advice: Use it!

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Time Accounting in California
A short stroll through CSAM 905

- **Personnel Activity Report (p. 905-8)**
 - **Employees who work on multiple activities or cost objectives, of which at least one is federal, must complete a personnel activity report (PAR) or equivalent documentation**
 - ⇨ Except as provided in "Substitute System for Time Accounting" (following)
 - ⇨ The safest approach is always to provide more documentation rather than less
 - **PARs or equivalent must be signed by the employee**

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Time Accounting in California
A short stroll through CSAM 905

● **Personnel Activity Report, continued**

- If variances between total budgeted and total actual costs are 10 percent or more, adjustments to financial records must be made at least quarterly (p. 905-9)
 - ⊖ Including adjustments to billings to federal grantor agencies
- If variances are less than 10 percent, adjustments may be recorded annually

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Time Accounting in California
A short stroll through CSAM 905

- **Substitute system for time accounting (sampling) (p. 905-9)**
- **Allowable alternative to a PAR**
 - Where approved by feds
 - California's system is approved by feds
- **Uses sampling methods that meet statistical sampling standards**
 - Note: Sampling works best when composite workload produces an even distribution of salaries to accounts over the full period

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Time Accounting in California
A short stroll through CSAM 905

- **Substitute system: Important rules (p. 905-11):**
 - All aspects of the system must be implemented in accordance with the guidelines
 - All employees who would otherwise complete PARs must participate in the substitute system
 - Employees who work on a single cost objective must not participate because their data would distort the aggregate results
 - ⊖ Unofficial CDE advice: Use the substitute system if feasible!

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Time Accounting in California
A short stroll through CSAM 905

● **Sample Forms: Personnel Activity Report**
(p. 905-22)

- Where employees' time varies significantly from day to day, the more detailed personnel activity report may be appropriate
 - ⊖ Because sampling works best when distribution is fairly consistent
 - ⊖ Hourly accounting is most accepted by auditors
 - ⊖ Safest approach is always more documentation rather than less

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Time Accounting in California
A short stroll through CSAM 905

● **Sample Forms: Personnel Activity Report**
(p. 905-22)

- BTW – the PAR is not designed to do all things for all purposes
- Probably won't provide sufficient documentation of compliance with all requirements of all programs, e.g.
 - ⊖ State mandated costs
 - ⊖ "85% direct services to students" per EC 63001

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Time Accounting in California
A short stroll through CSAM 905

● **Sample Forms: Semi-annual certification**
(p. 903-23)

- Note signature of employee OR supervisor having first-hand knowledge
 - ⊖ Unofficial CDE advice: ;-)

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Time Accounting in California
A short stroll through CSAM 905

- **Sample Forms: Blanket semi-annual certification (p. 903-24)**
 - Note room for signatures of employees AND supervisor having first-hand knowledge
 - ☐ Unofficial CDE advice: :-) :-)

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Time Accounting in California
A brief visit to CSAM 780

- **Consolidation of NCLB Administrative Funds: The perfectly legal loophole!**
 - LEAs that consolidate administrative costs have considerable discretion in how those costs get distributed back to individual programs (p. 780-1)
 - Consolidated funds may be used for administration of *any* program included in the consolidation

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Time Accounting in California
A brief visit to CSAM 780

- **Consolidation of NCLB Administrative Funds, continued:**
 - **Mechanics:** Expenditures for administration are accumulated in Resource 3155, NCLB Consolidated Administrative Funds
 - LEAs later distribute the pooled costs from Resource 3155 to participating programs
 - ☐ At end of year or whenever they deem appropriate
 - ☐ But before program carryovers are calculated

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Time Accounting in California
A brief visit to CSAM 780

- **Consolidation of NCLB Administrative Funds, continued**
 - The legal loophole: LEAs do not have to distribute pooled costs back to individual programs on the basis of benefits received by each program (p. 780-3)
 - Nor in the same ratio that each program contributed to the pool

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Time Accounting in California
A brief visit to CSAM 780

- **Example: LEA consolidates Title I and Title II funds for program administration**
 - Total program administration costs: \$100,000
 - Relative benefit from administration costs:
 - ☐ Title I program \$75,000
 - ☐ Title II program \$25,000
 - Contribution for administration costs:
 - ☐ Title I program \$90,000
 - ☐ Title II program \$10,000

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Time Accounting in California
A brief visit to CSAM 780

- **Consolidation of NCLB Administrative Funds: The time-saving strategy!**
 - Consolidated funds are treated as one cost objective
 - LEAs are not required to maintain records of administration costs by individual program
 - No personnel activity reports to document time spent for administration of each program
 - ☐ Semiannual certifications are still required
 - ☐ Unofficial CDE advice: Consolidate!

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Emerging Issues and Breaking News

- **Ed Jobs: The cost principles of Circular A-87 apply**
 - Despite early indications otherwise
 - But if cost principles apply, then time accounting is required...
 - And LEAs would need advance approval to use Ed Jobs for retirement incentives...
 - ⊖ And historically, feds would only grant approval to charge a retirement incentive indirectly...

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Emerging Issues and Breaking News

- **Ed Jobs: Time accounting**
 - Resolution: Employees funded with Ed Jobs funds must follow federal timekeeping requirements
 - *Except* no time accounting is required for Ed Jobs-funded employees who work 100% at the school site (!)
 - ⊖ Not even semi-annual certifications (!!)
 - ⊖ LEA must maintain documentation substantiating that the employees work 100% at the school site

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Emerging Issues and Breaking News

- **Ed Jobs: Time accounting, continued**
 - This is consistent with often-repeated but so-far-informal guidance from USDE
 - ⊖ We are assured that upcoming A-133 Compliance Supplement will reflect this guidance
 - ⊖ In program monitoring, CDE's Audits & Investigations will not require semi-annual certifications for Ed Jobs-funded employees who work 100% at the school site

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Emerging Issues and Breaking News

● **Ed Jobs: Retirement Incentives**

- CDE & USDE have just arrived at agreement on the means by which LEAs can be approved to use Ed Jobs funds for retirement incentives
- The ink is still wet, but details are forthcoming – stay tuned

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Emerging Issues and Breaking News

● **Schoolwide Programs: Time Accounting**

- Kristen's presentation covered the requirements
- Pesky problems are now resolved
- Guidance in CSAM 905 stands
- CDE's 2009 "issue paper" on accounting for schoolwide programs stands
 - ⇒ Current accounting allows for "conceptual consolidation" while still meeting other needs

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In closing...

Questions before we adjourn?

Thank you for managing your state and federal programs effectively!

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