Proper Management of Federal Grants –

Support for Salaries and Wages

Grant management requirements

Recipient Type	Administrative Requirements	Cost Principles	Compensation for Personnel Services
Non-profit organization	2 CFR 215	2 CFR 230	2 CFR 220, Appendix B, Section 8
Local and tribal governments	7 CFR 3016	2 CFR 225	2 CFR 225, Appendix B, Section 8
State agencies	7 CFR 3016	2 CFR 225	2 CFR 225, Appendix B, Section 8
Universities	2 CFR 215	2 CFR 220	2 CFR 220, Appendix A, Section 10
For profit businesses	2 CFR 215	48 CFR 31.2	48 CFR 31.205-6

Today's topic

Proper support for salary costs

OIG Audit Finding

- No documentation or documentation didn't meet federal standards

- Employees charging salary as budgeted rather than as actually worked

- Time worked on multiple grants and projects was not recorded separately

Proper support for salary costs

Salary costs include

- Salaries or wages

- Fringe benefits

    - Leave, insurance, pensions, unemployment benefit plans

    - Identified in a written policy

Proper support for salary costs

Salary costs can be either

- Indirect - incurred for common or joint objectives and cannot be readily identified with a particular final cost objective

- Direct - those costs that can be identified specifically to a particular objective of the grant

Proper support for salary costs

(continued)

- Any employee funded by a federal grant must document the time they spend working on the grant

- Documentation must reflect actual time spent on the grant

Required documentation

- Certification
  - 100% of time one a single grant
  - Individual time sheets not needed
  - Certification statement at least every 6 months
- Personnel Activity Report

Personnel Activity Report (PAR)

- Employee's Identification (name, number, etc.)

- Reporting Period (week, pay period, month)

- Breakdown of actual hours worked by the employee on each activity

- Employee's signature and date (this could be electronic)

Personnel Activity Report (PAR)
Summary of Requirements

- Be completed after-the-fact
- Reflect **actual** work performed (not budgeted)
- Account for <u>total</u> activity of employee
- Submitted at least monthly
- Signed and dated by employee

Personnel Activity Report (PAR)
Common Errors

- Reporting time based on the budgeted amounts without regard to what employee actually worked

- Use of percentages of time rather than actual hours

- Lack of maintaining source documentation (PARs) to support salary costs

- Failing to recognize a change in position, duties, or funding may result in a change of reporting

- Entire day's schedule not accounted for (only federal time reported)

Matching requirements

Salaries and wages of employees used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement.

Remember

Any salary charged to federal grant funds **MUST** be accurately recorded

Personnel Activity Reports **must show actual time** spent working on each award or cost activity.

Budget estimates are just that and do NOT qualify as support for charges to Federal awards.

Questions?

Certification

- Certify you understand the requirements for documenting salary costs

- Include the following statement in Block 12 of your next SF-425:

  - The salary component of the amounts on lines e and g complies with all OMB circulars applicable to my organization and accurately reflects the actual time personnel spent working on this award.

Thank You!