



AND



IN  
PARTNERSHIP  
WITH



# PERSONNEL ACTIVITY REPORTS (PARS)

## The Do's and Don'ts



## **Community Action Partnership**

September, 2012

### **PERSONNEL ACTIVITY REPORTS (PARs): The Do's and Don'ts**

## **Community Action Partnership**

The Community Action Partnership is the nonprofit, national membership organization representing the interests of the 1,000+ Community Action Agencies (CAAs) across the country that annually help 17 million low-income Americans achieve economic security. Whether it's a Head Start program, weatherization, job training, housing, food bank, energy assistance, financial education, or any of the other 40-plus distinct programs, CAAs work to make America a better place to live.

## **CAPLAW**

CAPLAW is a 501(c)(3) nonprofit membership organization, established in 1989, dedicated to providing the legal, governance and management resources necessary to sustain and strengthen the national Community Action Agency (CAA) network. For nearly 50 years, since the Economic Opportunity Act of 1964 established the Community Action Program, CAAs have been working to strengthen low-income communities and to help low-income individuals and families achieve self-sufficiency and economic security.

Through its in-house staff and a network of private attorneys, CAPLAW provides consultation, training, and resources on a wide variety of legal, governance and management topics. This assistance enables CAAs to operate legally sound and well-governed organizations, thereby enhancing their ability to effect positive change in their communities.

## **Janet Johnson, Senior Manager, Wipfli**

Wipfli ranks among the largest accounting and business consulting firms in the United States. Located in 20 offices in Minnesota, Wisconsin, Illinois, and Washington, Wipfli proudly serves thousands of clients throughout the Midwest and across the United States. Wipfli's nonprofit team helps keep organizations in compliance by providing services such as audit, accounting, tax, information technology, human resources, fraud and forensic exams, training and education, process improvement and workflow analysis, and strategic planning.

The Community Action Partnership and CAPLAW would like to thank Kay Sohl for her significant contributions to this toolkit. The expertise of Ms. Sohl allowed this and "Cost Allocation: Red Flags and Remedies" to align information and recommendations. For more information on Kay Sohl please go to [www.kaysohlconsulting.net](http://www.kaysohlconsulting.net)

This Toolkit was created as a collaboration between The Community Action Partnership and CAPLAW.

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# Introduction

This toolkit represents a collaborative effort between the Community Action Partnership (Partnership), Wipfli LLP, Community Action Program Legal Services, Inc. (CAPLAW), and Kay Sohl Consulting to provide insight into an aspect of time and effort reporting that has increased in visibility in recent years. *Personnel Activity Reports* (PARs), or time and effort reporting, provide written support that salaries and wages charged to a federal grant benefit the grant and are a required component of your receipt of federal funds. With today's environment of increasing accountability, it is not enough to charge time through a payroll system to a specific program or grant; you must also show how the program or grant benefits from that employee's work.

This toolkit outlines the key concepts behind PARs, spotlights potential trouble spots for Community Action Agencies (CAAs), and provides best practice samples to help CAAs better meet this requirement. Please note that this toolkit has been prepared for general information purposes only. It is intended for the use of nonprofit/Private CAAs. The information in this toolkit is not legal advice nor should it be relied on as such. Legal advice is dependent upon the specific circumstances of each situation. In addition, examples and explanations are based on federal regulations. Other funding sources may have different requirements, so each organization must follow specific requirements for all of its grants.

Personnel Activity Reports are required for all employees whose salary or wages are charged in total or in part directly to federal grants. It is often assumed that time and effort recording and cost allocation may be used interchangeably. However, this is not the case. While PARs may be used to implement cost allocation plans, ***they are a separate function*** that serve to record what work has been done by employees. In essence, Personnel Activity Reports describe the activities performed; cost allocation plans describe how the costs of those activities are paid.

Because a personnel activity report can be used to implement a cost allocation plan, cost allocation methods must be determined before Personnel Activity Reports are designed. For example, if employees' compensation will be allocated to grants based on actual time spent by the employee, the personnel activity report can usually be incorporated into the timecard. However, if salaries will be allocated on a basis other than time, such as number of employees or number of transactions, the PAR will not show time charged to a grant. Rather, it will show only the activities performed. Examples of these situations are provided in this toolkit.

Personnel Activity Reports have been required for many years but they have received much more emphasis recently than they have in the past. Many program monitoring and recent Office of Inspector General (OIG) reports contain findings and deficiencies on PARs in Community Action Agencies. In addition, the changing technology to move from paper to electronic timekeeping

ironically may make it more difficult for CAAs to meet PARs requirements; however, this does not decrease in any way the responsibility to meet the requirements.

Therefore, the purposes of this toolkit are to provide Community Action Agencies with an understanding of the *requirements* for PARs, and *methods to create* a PAR system that supports your cost allocation methods and are *compliant* and *easy to implement*. It is meant to be direct and concise, with tools you can put to use in your CAA.

The toolkit is organized in the following sections:

**Red flags** – alerts that your PARs may not be in compliance

**Summary of federal regulations** – a summary of the regulations that require PARs

**Keys to success** – tips to help you successfully design forms and processes to stay in compliance

**Personnel Activity Reports and cost allocation** – discussion and examples of how PARs work in conjunction with cost allocation methods

**Getting it done** – examples of Personnel Activity Reports for exempt employees, non-exempt employees and volunteers

**Personnel Activity Reports and electronic timekeeping systems** – examples of methods for meeting personnel activity report requirements in electronic timekeeping systems

**Appendix** – annotated full personnel activity report regulations and examples of Personnel Activity Reports

# Red Flags

How do you know you might be at risk for a finding on Personnel Activity Reports? Here are some “red flags” that indicate your PARs may not be in compliance.

- 1** *You have never heard of a personnel activity report.* If this is you, you are not alone. Even though PARs have been required since the 1980s, Wipfli continues to hear from Community Action Agencies’ leaders that this is new to them.
- 2** *You believe that since everybody in your organization works for just one program, you do not need PARs.* As you will see in the regulations below, PARs are required for every employee whose compensation is charged wholly or in part directly to grants (as opposed to wholly charged as part of a federally approved indirect cost rate).
- 3** *Your exempt employees are not required to record time on timesheets so there are no records of how they spend their time.* They are still required to maintain PARs.
- 4** *Your organization’s PARs show the same amount of time for the same activities by the same people every pay period (i.e. you use budget estimates).* Personnel Activity Reports must be after-the-fact, that is, not budget estimates. They must reflect the work actually performed.
- 5** *You have had findings or deficiencies in a monitoring review for PARs.* A review of Community Action Agency monitoring and OIG audit reports find that this is one of the most common findings. Findings are either that PARs are not maintained or that they do not fully comply with requirements.
- 6** *You have PARs but are not sure if they meet all the requirements.* You may not understand exactly what needs to be in a personnel activity report to meet the requirements.
- 7** *You do not understand the relationship between your cost allocation plan and Personnel Activity Reports.* Cost allocation methods and PARs work together but are not the same thing.
- 8** *Managers in your organization keep detailed calendars on Outlook and use that as their personnel activity report.* The toolkit will explain that unless the Outlook calendar is updated to meet all the requirements for PARs, this method is not in compliance.
- 9** *You use an electronic timekeeping system which tracks time and grants, but not activities.* Many organizations are implementing electronic timekeeping systems. The toolkit shows you examples of such systems that have been adapted to meet PARs requirements.

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*Your staff is too busy to keep track of their activities.* Maintaining PARs is a requirement for organizations that receive federal grants or sub-grants. As noted below in the [Keys to Success](#), management must hold staff accountable for complying with this regulation. Using systems and processes you currently have in place will make it easier for staff.

If any of these red flags sound familiar, you should review PARs in your organization to make sure they are in compliance with federal regulations. In the following sections, you will see a red flag next to the solutions to these situations.

# Summary of Federal Regulations

The requirements for Personnel Activity Reports come from **2 CFR Part 230, Cost Principles for Non-Profit Organizations (OMB Circular A-122), Attachment B, Selected Items of Cost, 8.m, Support of Salaries and Wages**. Here is a summary of the requirements. (Please see Exhibit I for the complete regulation.)

1. Every employee (professional and nonprofessional) whose compensation is charged, in whole or in part, directly to (federal) awards must maintain a personnel activity report.
2. For organizations that have received an approved indirect cost rate, employees who are 100% in an indirect cost pool are not required to maintain a personnel activity report.
3. Reports must meet the following standards:
  - a. They must reflect after-the-fact determination of the actual activity of each employee. Budget estimates do not qualify as support for charges to awards.
  - b. They must account for the total activity for which each employee is compensated.
  - c. They must be signed by the employee or a supervisor who has first-hand knowledge of the activities performed by the employee.
  - d. They must be prepared at least monthly and coincide with one or more pay periods.
4. PARs are in addition to the requirements of the Department of Labor regulations implementing the Fair Labor Standards Act (29 CFR Part 516) for records reporting the total number of hours worked each day by non-exempt employees. In addition, every organization must follow wage and hour laws in its



## Red Flag Fix

*If you have never heard of the requirement for PARs, here is where it comes from. The entire section is provided in Exhibit I.*



## Red Flag Fix

*The fact that all employees (non-exempt and exempt, charged wholly or in part to a grant) must have PARs is clearly spelled out in the first part of the regulations.*



## Red Flag Fix

*Requirements for PARs clearly state that budget estimates do not qualify. Therefore supervisors cannot fill in their staff's PARs based on budget estimates or history. Activities must reflect what employees actually did.*



## Red Flag Fix

*In order to be compliant, PARs must meet all four requirements (see a-d, left). Findings from program monitors and the OIG frequently cite the lack of compliance with these requirements.*



state. If you have any questions about federal or state wage and hour laws, please consult an employment attorney.

5. These requirements also apply for salaries and wages of employees used to meet non-federal share requirements.
6. Volunteer services used as non-federal share must be documented and supported, to the extent feasible, by the same methods used for employees (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB CIRCULAR A-110), 215.23, Cost Sharing or Matching.) Support for volunteer services is discussed later in this toolkit and regulations can be found in Exhibit I.

# Keys to Success

The following sections will present examples of Personnel Activity Reports for different positions and different cost allocation methods. First, though, overall guidelines that will help you successfully design PARs are presented.

1. Use the systems and processes you already have in place. Most and perhaps all of your employees now fill out timesheets, so adapting timesheets to meet PAR requirements should make it easy for employees to maintain PARs. If you have to create a new system or train your staff on new processes for PARs, it will be much harder to stay in compliance.
2. Keep the reports simple and transparent. Remember the goal is to demonstrate that compensation charged to a grant benefits the grant. This does not usually mean a high level of detail will be required.
3. Check that each personnel activity report meets the four requirements.
  - a. After-the-fact determination of activities performed;
  - b. Accounts for the total activity for which employees are compensated;
  - c. Signed by the employee or the supervisor with firsthand knowledge of the work performed; and
  - d. Prepared at least monthly and coincides with a pay period.
4. Hold staff accountable for accurately maintaining their PARs. Staying in compliance with PARs requirements is important to maintaining your funding. Design simple, easy-to-do reports; include staff in the design process; and then hold them accountable for their reports. This will help ensure compliance.

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*Red Flag Fix*

*The greatest chance for successfully complying with PAR requirements lies in making it easy for your staff to comply. So use the system and processes you now have in place and adapt them for PARs.*

# Personnel Activity Reports and Cost Allocation

Per federal regulations, the purpose of a personnel activity report is to provide evidence that the work performed benefited the grants to which it is allocated. The purpose of cost allocation methods is to determine how a program or grant will pay for shared or joint costs. ***Therefore, PARs say what you did; cost allocation says how you pay for it; and the design of Personnel Activity Reports must follow the cost allocation methods.***



Red Flag Fix

*PARs must be designed to support your cost allocation methods.*

The following scenarios give examples of PARs used for cost allocation, as well as PARs not used for cost allocation.

## Compensation Charged to Grants Based on Actual Time Spent by Individual Employees

A cost allocation plan may require employees' compensation to be charged to grants based on the distribution of time spent on various grants by employees. In this situation, a timesheet can be adapted to meet PAR requirements. For example, an employee who works for one program will charge 100% of his or her time to that program. In that case, the employee's timesheet, with the addition of a brief description of the activities performed, can meet the requirements for PARs. For an example of an employee who may spend half of their time on one grant and half of their time on another, see examples below. These examples can be found in the Exhibits in the Appendix. Note as you review the examples that they meet all four PAR requirements.

- a. A Head Start teacher charges all of her time to Head Start. A statement such as "taught Head Start children at 123 Elm St. Center" will meet the requirements for PARs. Please see Exhibit A for an example of this timesheet.
- b. A bus driver who drives for Head Start in the morning and a senior program in the afternoon will charge each program for actual time worked for each program. A statement on his timesheet such as, "drove 15-passenger bus", will meet PARs requirements. Please see Exhibit C for an example of this timesheet.

## Compensation Charged to Grants on Some Basis Other Than Time Spent by Employees

If personnel costs are allocated on units other than hours worked by individual employees on individual grants (e.g. square feet occupied, number of employees, number of clients), PARs are used to show that the work performed benefited grants, but they are not used to charge specific grants. Instead, time is charged to an administrative salaries and wages account, not to the grant or program paying for it. Here are some examples:

- c. A Head Start teacher teaches a classroom with some children funded by Head Start and others funded by a state grant. The salary of the teacher is allocated based on the number of children funded by each grant. Her compensation is charged to each grant based on a ratio of children, not the actual time spent with each child. A simple statement on her timesheet that she taught XYZ classroom will meet the requirements for a personnel activity report. Please see Exhibit B for an example of this timesheet.
- d. Human resources staff members provide support to the entire Community Action Agency. If the costs of a human resources department are allocated based on number of employees, human resource staff members' Personnel Activity Reports will list activities performed, and his time will be charged to Human Resources Salaries. An example of human resource staff activity is time spent developing an employee handbook. This benefits all employees and his compensation will be allocated among and charged to grants based on the number of employees in each department.
- e. Accounting Staff provide support Community Action Agency-wide. An accounts payable clerk processes invoices and payments for the entire organization. His time may be allocated at the end of a month based on the number of transactions processed. During the month he charges his time to an accounting department salary code, and has a statement on his timesheet that he processed accounts payable transactions for all departments.

## Charging Time to Both Indirect Cost Pools and Directly to Grants

As noted above, employees who are charged **100%** to an indirect cost pool are not required to maintain Personnel Activity Reports. However, if an employee is charged partly to the indirect cost pool and partly to a specific grant or program, that employee is required to maintain a personnel activity report. For example, an accounting clerk may spend part of her time processing accounts payable transactions for the entire organization and part of her time costing out Head Start in-kind. The time spent working on accounts payable will be charged to an indirect cost pool and the time

spent on in-kind will be charged to Head Start. Her personnel activity report will show the hours, or percentage of her time, spent on each activity. Please see Exhibit D for an example of this timesheet.

## Getting It Done

This section of the toolkit will give you ideas and examples for designing and maintaining Personnel Activity Reports for different types of positions using various means.

### Non-Exempt Employees

Non-exempt employees are required by Department of Labor and state employment laws to record the number of hours they work each day. Therefore, they are already tracking 100% of their time for payroll purposes, and your Community Action Agency can likely adapt their current timesheets or timecards to meet the requirements for PARs.

- Timesheets of non-exempt employees already meet several of the personnel activity report requirements:
  - Timesheets account for all of the time worked;
  - Time is recorded as it is worked, that is, after-the-fact; and
  - Timesheets are signed by the employee and/or a supervisor with first-hand knowledge of the work performed.
- Therefore, the addition of a brief description of the activity performed, and if the employee's compensation is charged to more than one grant and it is allocated according to the time spent on each grant by the employee, the number of hours spent on each grant can be added to the timesheet to make it compliant with personnel activity report requirements. While some examples were presented above, here are several examples of concise statements that can be added to a timesheet:
  - Maintenance worker – maintained facilities at central office
  - Food bank worker – maintained inventory and distributed food
  - Payroll clerk – performed payroll functions for all staff

### Exempt Employees

Exempt employees may or may not prepare timesheets or timecards, depending on the requirements of their payroll system and the labor laws of their state. If an exempt employee prepares a timesheet, it can probably be adapted to meet the requirements for PARs. If the exempt employee does not prepare timesheets, Personnel Activity Reports must be created in other ways.

Community Action Agencies have struggled in this area. Investing time and training to ensure exempt staff see this as important will improve your ability to comply with this

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*Red Flag Fix*

*This section discusses PARs for exempt employees who may or may not prepare timesheets. In either case, they are required to maintain PARs.*

requirement. Here are suggestions for PARs by exempt employees.

- *PARs must account for 100% of the time* the employee works, but time can be recorded as actual hours or in percentages.

Here is a simple example of personnel activity report for a finance director that reports activities for one day, at a non-detailed level. This is an example of a PAR maintained on a spreadsheet. In this case, compensation would be allocated based on an activity measure such as number of transactions. Use of a spreadsheet is more fully explained below and illustrated in Exhibit E.

Reviewed and approved journal entries	30%
Prepared board reports	40%
Trained new staff	30%
<i>Total</i>	<i>100%</i>

- *Where do these activities and percentages come from?* Exempt employees must keep track of how they spend their time - including activities performed whether or not their compensation is allocated based on hours worked on each grant or percentage of time.

Here are guidelines for tracking activities:

- This need not be detailed timekeeping – *broad* categories of activities performed in blocks of time are sufficient. Time spent need not be separated in 5 or 10 minute chunks (a CAA is not a law firm after all), hour blocks could be sufficient. Every exempt employee should develop a list of broadly-stated activities based on the nature of their work. Exempt employees could develop a list of the main activities they perform throughout the month. The list of activities may be derived from the position’s job description, but the activities reported on the PAR must say what was actually done. For example, you would not put “other duties as assigned” on a PAR. This does not say what the employee did. You must list the duties actually performed.
- Here are examples of activities for an executive director and a finance director. These categories of activities can then be distributed over actual hours or percentages of time worked to show how the effort of the executive director or the finance director benefit the grant to which it is charged. If your cost allocation plan requires that time spent that benefits a specific grant be charged to that grant, then that should also be shown.
  - Executive Director:
    - Hold Staff meeting
    - Prepare Board matters

- Address HR issue
- Prepare for Head Start monitoring
- Review CSBG work plan
- Review financial statements
- Meet with community partners
- Meet with program director
- Review grant application
- Respond to phone calls and emails from other managers, staff, vendors, funders
- Personal time off
- Finance Director:
  - Staff training and supervision
  - Management team meeting
  - Prepare and deliver board reports
  - Review LIHEAP Budget
  - Review and approve journal entries
  - Review monthly financial statements
  - Prepare and review budgets
  - Review grant application
  - Respond to phone calls and emails from other managers, staff, vendors, funders
  - Prepare for annual audit and tax returns
  - Personal time off
- The most accurate and acceptable method for maintaining Personnel Activity Reports is to track activities every day. This can be done in a variety of ways. Here are some examples:
  - A spreadsheet that lists days of the week across the top and *categories of activities* down the side. The employee then enters hours or percentages of time spent each day in the appropriate category. **Please see Exhibit E for an example of a personnel activity report using a spreadsheet.** In order to be in compliance with regulations, the spreadsheet should conform with a pay period, account for the total activity, and be printed out and signed. The signed document will then be filed with payroll records.

- An on-line calendar such as Outlook can also be used. An Outlook calendar should only be used when compensation is allocated among funding sources on a basis other than actual hours worked by the employee. The employee must



*Red Flag Fix*

*If managers track appointments, plans, dates, etc. in an Outlook calendar, they may be able to adapt it to meet PAR requirements.*

indicate blocks of time for each activity, and the calendar must meet all the PAR requirements, that is, be after-the-fact and account for the total time worked for the organization. Staff members must revisit their calendar daily to fill in how activities performed (that is, after the fact). Therefore, use of an Outlook calendar presents greater risk of noncompliance for not accounting for the total activity for which the employee is compensated. **Please see the case study in Exhibit F for an example of an Outlook calendar.**

- A paper timesheet can also have codes for activities as well as grants to be charged. The employee will list the activity and the number of hours by day each activity is performed. The employee can also include the appropriate grant if he or she is directly charging time to grants. **Please see Exhibit G for an example of an exempt employee who tracks time by activity but does not directly charge time to grants, and Exhibit G1 for a combined timesheet and PAR that charges time to grants.**

- Activities can be tracked daily, weekly, bi-weekly, or monthly but the report must coincide with a pay period and be prepared at least monthly. However, the more often it is done, the more accurate and defensible it will be.
  - Regardless of the method used to track activities, each report must be signed by the employee or a supervisor with first-hand knowledge of the work performed. So they should be printed at least monthly, signed, and filed with other payroll records.
- Tracking time takes practice and discipline. Assigning time to established categories makes it easier, but, in the end, exempt employees paid by federal funding must recognize this as an important part of their job.



## Volunteer Services

As noted in the [Summary of Federal Regulations](#) section above, volunteer services used as non-federal match must be supported to the extent feasible in the same manner as employee time.

Therefore, volunteer time records should be similar to non-exempt time records. The following items should be included in volunteer time documentation:

- Name of the volunteer;
- Date and time the services were provided;
- Description of the service performed which should indicate the benefit the program received;
- Signature of the volunteer and a staff member verifying that the information is correct; and
- The records should be kept on a monthly basis, at a minimum.

# PARs and Electronic Timekeeping Systems

Electronic timekeeping systems are becoming more common in Community Action Agencies. While they streamline the payroll process, they may make it more difficult to meet the personnel activity report requirements. However, some electronic timekeeping systems have developed methods for tracking activities as well as time which can make it easier to be in compliance than using paper timesheets. Not all payroll software can do this, so selecting the right software is critical.

Here are some examples that have been implemented in the Sage Abra Payroll and Human Resources system. Most sophisticated electronic payroll systems, such as ADP, should have one or more fields that can be adapted. In addition, there are timekeeping systems specifically designed to track activities. These systems have long been used by professional service firms such as law and accounting firms. They are now relatively inexpensive and can be adapted for PAR reporting. However, before you implement such a system, consider whether or not you need to take on a new system and process to meet these requirements. The recommendation is to adapt what you already use.

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*Red Flag Fix*

*This section discusses how to adapt electronic timekeeping systems to meet PARs requirements.*

- A timesheet entry screen may have a field that can be used to create a drop-down list of pre-established activities and grants or cost centers. When the employee enters time, he or she could select the appropriate activity from the list.
- Such systems provide for electronic approval by employee and supervisor but OMB has not yet authorized electronic signatures. To meet the signature requirement, supervisors could print out a report listing their direct reports, hours worked and activities performed. This report should be signed by the supervisor and filed with payroll records.
- These systems usually allow reporting by any field so it should be easy for a supervisor to check that activities over a period of time, and for a group of employees, appear to be reasonable.
- Because exempt employees do not necessarily enter time into such systems, this method may be more practical for non-exempt than exempt employees.

Here are some questions to ask if you are considering using an electronic timekeeping system for PARs:

1. Are there fields in the time-reporting screens that can be adapted for activities?
2. Are there fields that can be used to choose among grants or cost centers and will include either percentages or hours spent?
3. Is it possible to set up drop-down lists of activities unique for each position?
4. Will supervisors be able to print out a list of their employees, hours worked, and activities performed for each pay period?
5. How will exempt employees use the system? Will they be able to track all of their activities in the system?

If your electronic timekeeping system does not give you the flexibility to meet these requirements, you still must comply with PARs. You will need to find other non-electronic means to meet the requirements, work with your system's developer to adapt, or consider a new system.

Please see Exhibit H for screen-shots from electronic timekeeping systems that have been adapted for PARs.

# Summary

If your organization receives federal funds, you are required to maintain Personnel Activity Reports for all employees whose compensation is charged wholly or in part directly to a grant funded by federal funds. This may be new for you but hopefully you have seen here the tasks needed to comply are not overly complex or extensive. They do take intentional focus and training to ensure compliance, but you are encouraged to keep it simple and straightforward.

Remember the keys to success listed earlier in the toolkit. The most important objective is ensuring your PARs meet all the requirements, so check the design and the completed PARs against the requirements.

1. Develop Personnel Activity Reports using the systems you already have in place.
2. Keep the PAR requirements in mind. Findings and deficiencies for PARs are due to lack of compliance with the following standards:
  - a. The reports must be after-the-fact, not budget or plans;
  - b. The reports must account for the total time worked for the organization;
  - c. If compensation of an employee is based on hours worked on a grant, then the report must show the distribution of time spent on each grant (either as a percentage or as number of hours worked);
  - d. If compensation of an employee is based on an allocation method other than time worked (such as number of employees), then the report must include a description of the type of activities performed, and a percentage of hours spent on each activity;
  - e. The reports must be signed by the employee or a supervisor with first-hand knowledge of the activities performed; and
  - f. The reports must be done at least monthly and coincide with a pay period.
3. Hold employees accountable for keeping their Personnel Activity Reports up-to-date. Tracking activities daily will produce the most accurate results.

# Exhibits

As you review the attached examples of PARs, note how they meet all four requirements:

- Reflect after-the-fact determination of activities performed;
- Account for the total amount of time for which the employee is compensated;
- Signed by the employee or a supervisor with firsthand knowledge of the work performed; and
- Be prepared at least monthly and coincide with a pay period.

**Exhibit A** – Example Personnel Activity Report – Head Start teacher whose compensation is charged to Head Start grant

**Exhibit B** – Example Personnel Activity Report – Head Start teacher whose compensation is charged 63% to Head Start and 37% to state grant, based on number of children funded by each grant

**Exhibit C** – Example Personnel Activity Report – Bus Driver

**Exhibit D** – Example Personnel Activity Report – Accounting Clerk

**Exhibit E** – Example Personnel Activity Report – Finance Director using a spreadsheet

**Exhibit F** – Case Study – Executive Director Personnel Activity Report in Outlook

**Exhibit G and G1** – Example Personnel Activity Report – Executive Director using a paper timesheet with and without time directly charged to grants

**Exhibit H** – Examples of electronic time and activity records

**Exhibit I** – Annotated 2 CFR part 230 (A-122), Attachment B 8.m, and 2 CFR Part 215.23 (A-110), Cost Sharing or Matching Cost



## Exhibit B. Sample Timesheet & Personnel Activity Report Head Start Teacher

SAMPLE FORM

\_\_\_\_\_  
(Agency Name)

### TIMESHEET & PERSONNEL ACTIVITY REPORT

Employee: Judy Taylor

Pay Period: 9/1/2012 to 9/14/2012

Position & Activity: Head Start teacher, taught at 123 Maple St. Center

*Note: This is an example of a personnel activity report and timesheet for an employee whose compensation is allocated based on number of children in the classroom. The teacher charges her time to a Head Start salary account, and allocation of her compensation to each of these grants will be recorded with a journal entry when the payroll is processed.*

Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	SA	SU	M	TU	W	TH	F	SA	SU	M	TU	W	TH	F	<b>Total</b>
Head Start salaries			8	8	8	8				8	8	8	8	8	72
<b>Total - Hours Worked</b>			8	8	8	8				8	8	8	8	8	72
Sick Leave							8								8
Annual Leave															
Paid Holiday															
Other															
<b>TOTAL HOURS</b>			8	8	8	8	8			8	8	8	8	8	80

*Note that this timesheet is signed by both the employee and supervisor. The signature of one of these parties will meet PAR requirements, but best practice is that both sign.*

*I Certify that this Information is Correct:*

Employee Signature	Supervisor Signature:	Checked By:
--------------------	-----------------------	-------------

## Exhibit C. Sample Timesheet & Personnel Activity Report Bus Driver

SAMPLE FORM

(Agency Name)

### TIMESHEET & PERSONNEL ACTIVITY REPORT

Employee: Mary Ford

Pay Period: 9/1/2012 to 9/14/2012

Position & Activity: Bus Driver, drove 15-passenger bus

*Note: This is an example of a personnel activity report and timesheet for an employee whose compensation is allocated among grants based on actual time worked by the employee.*

Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Program	SA	SU	M	TU	W	TH	F	SA	SU	M	TU	W	TH	F	Total
Head Start			4	8	4	4	4				5		4	4	37
Sr. Services			4		4	4	4				3	8	4	4	35
<b>Total - Hours Worked</b>			8	8	8	8	8				8	8	8	8	72
Sick Leave															
Annual Leave										8					8
Paid Holiday															
Other															
<b>TOTAL HOURS</b>			8	8	8	8	8			8	8	8	8	8	80

*I Certify that this Information is Correct:*

Employee Signature	Supervisor Signature:	Checked By:
--------------------	-----------------------	-------------



## Exhibit D. Sample Timesheet & Personnel Activity Report Accounting Clerk

SAMPLE FORM

(Agency Name)

### TIMESHEET & PERSONNEL ACTIVITY REPORT

Employee: Sue Smith

Pay Period: 9/1/2012 to 9/14/2012

Position & Activity: Fiscal Dept – process accounts payable  
Head Start – cost out in-kind

*Note: this is an example of a personnel activity report and timesheet for an employee who charges part of her time to the indirect cost pool (Fiscal Dept.) and part to the Head Start grant.*

Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Program	SA	SU	M	TU	W	TH	F	SA	SU	M	TU	W	TH	F	<b>Total</b>
Indirect Cost Pool			8	8	8	8					4	8	8	8	60
Head Start							8			8	4				20
<b>Total - Hours Worked</b>			8	8	8	8	8			8	8	8	8	8	80
Sick Leave															
Annual Leave															
Paid Holiday															
Other															
<b>TOTAL HOURS</b>			8	8	8	8	8			8	8	8	8	8	80

*I Certify that this Information is Correct:*

Employee Signature	Supervisor Signature:	Checked By:
--------------------	-----------------------	-------------

<b>Exhibit E. Finance Director Personnel Activity Report</b>															
Spreadsheet Format															
98/1/2012 - 9/14/2012															
	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	
	9/1/2012	9/2/2012	9/3/2012	9/4/2012	9/5/2012	9/6/2012	9/7/2012	9/8/2012	9/9/2012	9/10/2012	9/11/2012	9/12/2012	9/13/2012	9/14/2012	
staff training & super		30%	40%	20%				20%	20%	10%	10%	20%			
staff team mtgs		30%			20%			30%		30%	30%	20%			
board reports		30%		30%											
Fin Stmt review			20%												
HR/IT issues			20%					30%	30%		30%	30%			
comm partner contacts									10%	20%	10%				
grant application				20%					30%	10%					
phone calls, emails		10%	20%	30%	10%			20%	10%	30%	20%	30%			
audit & 990					70%										
time off	100%														
Other - describe															
	100%	100%	100%	100%	100%	0%	0%	100%	100%	100%	100%	100%	0%	0%	

## Exhibit F – Executive Director Outlook Calendar Personnel Activity Report Case Study

Often, the activities of the executive director are the most difficult position to track on a personnel activity report. However, executive directors and other senior managers frequently record meetings, deadlines, and other plans on their Outlook calendar; therefore, it may be possible to use his or her Outlook calendar to meet the requirements for a personnel activity report. This case study illustrates how this can be done.

### Assumptions:

1. An executive director keeps a detailed calendar on Outlook and would like to use it to meet personnel activity report requirements.
2. The executive director must maintain an Outlook calendar that meets the following requirements from A-122, Attachment B 8.m.:
  - a. The reports must reflect an *after-the-fact* determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
  - b. Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
  - c. The reports must be signed by the individual employee, or by a responsible supervisory official having first-hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
  - d. The reports must be prepared at least monthly and must coincide with one or more pay periods.
3. Assume pay periods are every 2 weeks. The case study covers the pay period from March 31 through April 13.

### Case Study

#### **Calendar #1 – Plans**

The first Outlook calendar shows the Executive Director’s planned schedule for the pay period starting Sunday, March 31 and ending Saturday, April 13. Note that although it is quite detailed, it does not meet the requirements for a personnel activity as it is not an after-the-fact determination, does not account for the total activity, and is not signed.

#### **Calendar #2 – Actual**

The next Outlook calendar does meet the requirements for a personnel activity report. It shows the actual activities of the pay period, accounts for all activities, and is signed. Note the following:

- Actual activities that were not planned for are added and highlighted in yellow.
- Meeting that did not occur have been removed, and meetings that were added are in yellow.

- The time that the Executive Director spends on phone calls, emails, answering staff questions, etc., are included with enough detail to show how all programs receive benefit.
- Unallowable activities are highlighted in red. Therefore, time spent for preparation and visits to legislators on April 11 and 12 are in red and will be charged to unrestricted funds, or other source that allows these activities.
- All activities not in red are allowable activities and will be charged to programs and grants according to the organization's cost allocation plan.

### **Summary**

The most important aspect of using an Outlook calendar as a PAR is to ensure it accounts for 100% of the time working. Therefore, the key to success is to fill in the details of unplanned time every day. This means taking a few minutes at the end of each day summarizing what you did in your Outlook calendar.

# March 31, 2013 - April 06, 2013

Calendar #1 - Plans

March 2013							April 2013						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
					<b>1</b>	<b>2</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>
<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>
<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>
<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>28</b>	<b>29</b>	<b>30</b>				
<b>31</b>													

	31 Sunday	1 Monday	2 Tuesday	3 Wednesday	4 Thursday	5 Friday	6 Saturday				
7 am				Breakfast - Weatherization Dir							
					breakfast with Board prospect						
8 00		Mgmt team mtg				vacation day					
9 00			HS monitoring review planning meeting				Annual Community Day				
				HR dir, interview comm - transit dir decision				Annual Community Day			
10 00		CAA directors' monthly phone c							Annual Community Day		
11 00										Annual Community Day	
					presentation to Chamber of Commerce						Annual Community Day
12 pm			lunch with PC chair & HS dir			Annual Community Day					
1 00		Transit dir interview		HR dir - insurance plan changes			Annual Community Day				
			transit dir interview					Annual Community Day			
2 00									Annual Community Day		
		transit dir interview			meet w/ atty & HR dir - emp handbook					Annual Community Day	
3 00				audit partner call							Annual Community Day
4 00		staff birthday party				Annual Community Day					
5 00							Annual Community Day				
6 00				City Council mtg				Annual Community Day			
									Annual Community Day		
										Annual Community Day	
											Annual Community Day

# April 07, 2013 - April 13, 2013

April 2013							May 2013						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6				1	2	3	4
7	8	9	10	11	12	13	5	6	7	8	9	10	11
14	15	16	17	18	19	20	12	13	14	15	16	17	18
21	22	23	24	25	26	27	19	20	21	22	23	24	25
28	29	30					26	27	28	29	30	31	

	7 Sunday	8 Monday	9 Tuesday	10 Wednesday	11 Thursday	12 Friday	13 Saturday
						Sr Services grant due today	
7 am				Breakfast wth Board Chair		visit State Capitol to meet with legislators	
8 00	Mgmt team meeting				review final sr. services grant app		
9 00		HR Dir- new employee handbook		IT Mgr & consultant to plan upgrades			
10 00							
11 00			Finance Dir - monthly financial statements		Rotary lunch		
12 pm	lunch with County Chair						
1 00				Procurement webinar			
2 00			Head Start Dir - transition plans				
3 00					plan Capitol visit		
4 00	atty consult	Meet with fiscal consultants		Finance Committee meeting			
5 00					Strategic Planning Committee meeting		
6 00							

# March 31, 2013 - April 06, 2013

Calendar #2 - Actual

March 2013							April 2013						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
					<b>1</b>	<b>2</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>
<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>
<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>
<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>28</b>	<b>29</b>	<b>30</b>				
<b>31</b>													

	31 Sunday	1 Monday	2 Tuesday	3 Wednesday	4 Thursday	5 Friday	6 Saturday
7 am				Breakfast - Weatherization Dir			
					breakfast with Board prospect		
8 00		Mgmt team mtg	IT issue			vacation day	
9 00		phone calls, emails w/ staff, community partners	HS monitoring review planning meeting	deal w/ Weatherization issues, returns calls	call bd chair re: prospect, prog mgr & staff email, grant mgr & client, staff calls		Annual Community Day
10 00		CAA directors'	phone call - strategic planner	HR dir, interview comm -			
11 00			HR issues				
12 pm		prep for interviews & debrief, review grant applications; phone calls with staff, clients, board member, PC member, attorney	lunch with PC chair & HS dir	lunch at HS center	presentation to Chamber of Commerce		
1 00		Transit dir inte	fiscal issues, board questions, unplanned program dir meetings	transit dir inte	HR dir - insurance plan changes	IT issues, HR problems, call banker, fiscal questions	
2 00		transit dir inte		prep for chamber of commerce presentation, staff, State & comm partner email, phone calls		meet w/ atty & HR dir - emp	
3 00				audit partner c			
4 00		staff birthday party					
5 00							
6 00				City Council mtg			

# April 07, 2013 - April 13, 2013

April 2013							May 2013						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6				1	2	3	4
7	8	9	10	11	12	13	5	6	7	8	9	10	11
14	15	16	17	18	19	20	12	13	14	15	16	17	18
21	22	23	24	25	26	27	19	20	21	22	23	24	25
28	29	30					26	27	28	29	30	31	

	7 Sunday	8 Monday	9 Tuesday	10 Wednesday	11 Thursday	12 Friday	13 Saturday
						Sr Services grant due today	
7 am				Breakfast wth Board Chair			
8:00		Mgmt team meeting	Review, fin stmts & emp handbk, speak w/ grant manager at State, staff questions, emails	f/u from mtg Bd chair, contact banker, staff emails, community partner calls, prep for fin Comm mtg	HR issue, emails, plan for strategic planning comm, prog mgr meetings,	visit State Capitol to meet with legislators	
9:00	grant deadline issues, phone calls, emails, staff questions,		HR Dir- new employee handbook	IT Mgr & consultant to plan upgrades	review final sr. services grant app		
10:00							
11:00			Finance Dir - monthly financial				
12 pm		lunch with County Chair			Rotary lunch		
1:00				Procurement webinar			
2:00			Head Start Dir - transition plans				
3:00							
4:00		atty consult	Meet with fiscal consultants		plan Capitol vi		
5:00				Finance Committee meeting	Strategic Planning Committee meeting		
6:00							



## Exhibit G. Sample Personnel Activity Report Executive Director

SAMPLE FORM

(Agency Name)

### PERSONNEL ACTIVITY REPORT

Employee: Jim Howard

Pay Period 9/1/2012 to 9/14/2012

Position: Executive Director

**Note: This is an example of a personnel activity report for an exempt employee whose compensation is allocated on an activity base such as number of employees.**

Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Program / Activity	SA	SU	M	TU	W	TH	F	SA	SU	M	TU	W	TH	F	Total
A			2	1	4	3				2	1	2	1	3	20
C			3												3
F			3	2	2					1	2	2	1	2	15
H				3		5						2			10
B				2	1									2	5
D				2							2		2		6
G					1					1	2			2	6
E										4			5		9
Other – calls, emails			1	1	2	1				2	1	2	2	1	13
<b>Total - Hours Worked</b>			9	11	10	9				10	8	9	11	10	87
Sick Leave															
Annual Leave							8								
Paid Holiday															
Other															
<b>TOTAL HOURS</b>			9	11	10	9	8			10	8	9	11	10	95

#### Work Codes

- |                            |                                |
|----------------------------|--------------------------------|
| A. Staff meeting           | E. Program mgr meeting         |
| B. Funding source contact  | F. HR/IT issue                 |
| C. Review grant app        | G. Community partners contacts |
| D. Review financial report | H. Board matters               |

*I Certify that this Information is Correct:*

Employee Signature	Supervisor Signature:	Checked By:
--------------------	-----------------------	-------------

# Exhibit G1. Sample Personnel Activity Report – Executive Director

(Agency Name)  
**PERSONNEL ACTIVITY REPORT**

Employee: Jim Howard

Pay Period 9/1/2012 to 9/14/2012

Position: Executive Director

**Note:** This is an example of a personnel activity report for an exempt employee whose compensation is allocated based on the time he spends on grants and activities, and uses his timesheet to meet PAR requirements. Note that time is charged to both programs and administrative functions (fiscal and HR), and to a category called “All”. Costs charged to these categories must be allocated on bases appropriate for the benefit received (number of employees, number of transactions, etc.) Please see the Cost Allocation Toolkit for more information on allocating administrative costs.

Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Program / Activity	SA	SU	M	TU	W	TH	F	SA	SU	M	TU	W	TH	F	Total
Head Start: B A E D			3	1		4					2		4		14
Weath: A B E F				2		1	1			3					7
LIHEAP: A F E			1		2						1	2			6
CSBG: A B E					2	2						2			6
Housing: D A				2			3					1			6
Fiscal: D A			3		3		2			2		2	2		14
HR: F A					2					4	2				8
All: H E G			2	3		1	2	4			3	1	2		18
<b>Total - Hours Worked</b>			9	8	9	8	8	4		9	8	8	8		79
Sick Leave															
Annual Leave														8	8
Paid Holiday															
Other															
<b>TOTAL HOURS</b>															87

**Work Codes**

- |                            |                                |
|----------------------------|--------------------------------|
| A. Staff & mgr meeting     | E. Calls, emails, contacts     |
| B. Funding source contact  | F. HR/IT issue                 |
| C. Review grant app        | G. Community partners contacts |
| D. Review financial report | H. Board matters               |

*I Certify that this Information is Correct:*

Employee Signature	Supervisor Signature:	Checked By:
--------------------	-----------------------	-------------

## Exhibit H. Examples of Electronic Timekeeping and Personnel Activity Reports

These are examples from the Sage Abra Payroll and Human Resources electronic timekeeping system. Most electronic timekeeping systems allow you to enter time by cost center or funding source, as well as by activity. In this case, there is a further option to enter a separate wage code if different activities or cost centers paid a different rate.

### Multiple Entry timesheet:

Employee Web Services for Sage Fund Accounting

Personal    Action    Manager    HR Staff    Reporting    Options    Help    Logout

           Tuesday, August 07, 2012

August, 2012							Cost Center	Wage Code	Hours	Description	Approved
Sun	Mon	Tue	Wed	Thu	Fri	Sat					
29	30	31	1	2	3	4	<input type="radio"/> DayCareFed	Wages	2.00	Read to children	<input type="checkbox"/>
5	6	7	8	9	10	11	<input type="radio"/> DayCareState	Wages	2.00	Field trip supervision	<input type="checkbox"/>
12	13	14	15	16	17	18	<input type="radio"/> HeadStart	Wages	4.00	Curriculum development	<input type="checkbox"/>
19	20	21	22	23	24	25					
26	27	28	29	30	31	1					
2	3	4	5	6	7	8					
<input type="button" value="Today"/>							2.00				

**This example is where employees are required to clock in and out:**

Employee Web Services for Sage Fund Accounting

Personal Action Manager HR Staff Reporting Options Help Logout

Monday, August 06, 2012

Clocked In: 08:00 AM

Lunch from: 12:00 PM to 01:00 PM

Clocked Out: 05:00 PM

Total Hours Worked: 8.00

Cost Center	Wage Code	Hours	Description	Approved
<input type="radio"/> jeffries	Wages	8.00	Supervised Head Start Classroom	<input type="checkbox"/>

<< < August, 2012 > >>

Sun	Mon	Tue	Wed	Thu	Fri	Sat
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3	4	5	6	7	8

**SSALV2012**

Name	ID	Pay Type	Process Group	Department	Location
Jeffries, Dana	Jeffries	S	Admin		

  

Work Date	Cost Center	Earnings	Leave	Description	Approved
08/04/2012	jeffries	Wages	2.00	0.00 Taught Children	<input type="checkbox"/>
08/06/2012	jeffries	Wages	8.00	0.00 Supervised Head Start Classroom	<input type="checkbox"/>
08/07/2012	DayCareFed	Wages	2.00	0.00 taught children	<input type="checkbox"/>
08/07/2012	DayCareState	Wages	2.00	0.00 Field trip supervision	<input type="checkbox"/>
08/07/2012	HeadStart	Wages	2.00	0.00 Curriculum development	<input type="checkbox"/>
08/07/2012	jeffries	Wages	8.00	0.00 Head Start classroom supervision	<input type="checkbox"/>
Employee Totals:			24.00	0.00	

This is a report that could be printed each pay period, or on a monthly basis where both the employee and the supervisor sign off, certifying the hours worked.

# Exhibit I. Annotated Personnel Activity Report Regulations

## 2 CFR Part 230 (A-122), Attachment B 8, Support of Salaries and Wages

### **m. Support of salaries and wages.**

(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.<sup>1</sup> (See [subparagraph E.2 of Attachment A.](#))

(2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards.<sup>2</sup> In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function).<sup>3</sup> Reports maintained by nonprofit organizations to satisfy these requirements must meet the following standards:

(a) The reports must reflect an *after-the-fact* determination<sup>4</sup> of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

(b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

(c) The reports must be signed by the individual employee, or by a responsible supervisory official having firsthand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.<sup>5</sup>

(d) The reports must be prepared at least monthly and must coincide with one or more pay periods.

(3) Charges for the salaries and wages of nonprofessional employees, in addition to the supporting documentation described in subparagraphs (1) and (2), must also be supported by

1. *Substitute systems are not well-defined.*
2. *This means that staff who are charged 100% to a single funding source are still required to prepare personnel activity reports.*
3. *Therefore, staff members who are charged 100% to an indirect cost pool are not required to prepare personnel activity reports.*
4. *Estimates based on history also do not qualify.*
5. *OMB does not yet provide for electronic signatures, but note that both signatures of the employee and supervisor are not required – it's one or the other.*

records indicating the total number of hours worked each day maintained in conformance with Department of Labor regulations<sup>6</sup> implementing the [Fair Labor Standards Act](#) (FLSA) (29 CFR Part 516). For this purpose, the term "nonprofessional employee" shall have the same meaning as "nonexempt employee," under [FLSA](#).

(4) 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 from awarding agencies. <sup>7</sup>

*6. This points out the difference between timesheets and personnel activity reports. Timesheets and personnel activity reports are required for non-exempt employees, but only personnel activity reports are required for exempt employees.*

*7. This applies to situations where employees are used as match or in-kind.*

## Exhibit I. Annotated Regulations for Recording Volunteer Time

### 2 CFR PART 215--UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-110)

#### Sec.215.23 Cost sharing or matching.

(a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.<sup>1</sup>

*1. These criteria apply to volunteer time as well as other match contributions.*

- (1) Are verifiable from the recipient's records.
  - (2) Are not included as contributions for any other federally-assisted project or program.
  - (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
  - (4) Are allowable under the applicable cost principles.
  - (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
  - (6) Are provided for in the approved budget when required by the Federal awarding agency.
  - (7) Conform to other provisions of this part, as applicable.
- (b) Unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.
- (c) Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of paragraphs (c)(1) or (2) of this section.
- (1) The certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation.
  - (2) The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.

(d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

(f) Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

(g) The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the recipient may differ according to the purpose of the award, if paragraphs (g)(1) or (2) of this section apply.

(1) If the purpose of the award is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.

(2) If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges.

(h) The value of donated property shall be determined in accordance with the usual accounting policies of the recipient, with the following qualifications.

(1) The value of donated land and buildings shall not exceed its fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.

(2) The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.

(3) The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.



(4) The value of loaned equipment shall not exceed its fair rental value.

(5) The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties.

(i) Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees.<sup>2</sup>

*2. Therefore, records of volunteer services must meet the same standards for employee personnel activity reports.*

(ii) The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.



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