Best Practices for Personnel Activity Reports

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1. Red flags – are you in compliance?
2. Federal Regulations
3. Personnel Activity Reports and Cost Allocation
4. Getting it done – examples for different positions and different systems
The following are red flags that you may not be in compliance with PAR requirements.

1. Everyone in a department works for just 1 grant so they don’t maintain PARs.
2. Exempt employees don’t keep timesheets so they don’t have PARs.
3. Supervisors fill in PARs for their employees according to grant budgets.
4. You have a cost allocation plan and believe that meets PAR’s requirements.
Personnel Activity Reports

Purpose:

• To support the distribution of salaries and wages to federal awards
• Required for exempt and non-exempt employees
• Required when charged wholly or in part to federal awards
• Not required for staff charged 100% to the indirect cost pool
Federal Regulations
The distribution of salaries and wages to awards must be supported by personnel activity reports.

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.
Reports must meet the following standards:

(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.
PAR Regulations Summary

- After-the-fact determination of actual activity
  - Budget estimates do not qualify
- Account for the total activity, not just award-funded
- Be signed by the employee or a supervisor with firsthand knowledge of the activities performed
- Prepared at least monthly and coincide with a pay period
PAR Overall Guidelines

1. Use the systems and processes you already have in place
   a. If at all possible, avoid creating additional procedures

2. Keep the reports simple and transparent
   a. Make sure the reports meet the requirements and easily communicate how the activities benefit the grant

3. Hold staff accountable for accurately maintaining their reports
   a. Make this part of employees’ job requirements
Personnel Activity Reports and Cost Allocation
PARs vs. Cost Allocation

PAR — support that the activities performed benefit the grant to which the salary or wage is charged.

• That is, the activities performed are reasonable, necessary and allowable

Cost Allocation — a plan for fairly charging costs to benefiting grants, programs, activities.

• That is, the methods to determine which funding pays how much
PARs and Cost Allocation

So are they the same thing?

• **Yes** – they can be. You can use a PAR to charge actual time worked to awards

  and

• **No** – not if you have other means for allocating costs, such as units of activity (e.g. number of employees, number of transactions, etc.)
Chicken or the Egg?

**Question**: Which comes first – PAR or Cost Allocation?

**Answer**: Cost Allocation

The design of PARs must support your cost allocation plan.
Cost Allocation Methods for Salaries and Wages

1. Approved indirect cost rate
2. Direct costing methods
   1. Charge time directly to funding grants or programs
   2. Allocate time based on measures of activity
      Examples:
      1. Number of children or clients
      2. Number of employees
      3. Number of transactions
1. Approved Indirect Cost Rate

1. Employees who are charged 100% to the indirect cost pool are not required to maintain personnel activity reports.

2. Employees who charge part of their time to an indirect cost pool and part of their time to directly to funding sources must maintain personnel activity reports.
Example:
Accounting clerk who charges part of her time to the indirect cost pool and part to a grant.
2. Time Directly Charged to Grants

The requirements for PARs can be met on timesheets of staff who directly charge time to grants.

**Example:** Head Start teacher charges 100% of her time to the Head Start grant

- PAR requirements are met with a short statement on the timesheet:
  - Taught HS children at 123 Elm St. Center
Example:
100% of time charged to a single grant.
2. Time Directly Charged to Grants

Example: Head Start teacher teaches a classroom with some children funded by Head Start and others funded by a State grant. Her salary is allocated based on the number of children funded by each grant.

- The teacher will charge time to each grant base on a ratio of children’s funding.
  - PAR requirements are met with a short statement on the timesheet
  - Taught children at 123 Maple St. Center
Example:
Time charged to each grant based on ratio of children taught.
2. Time Directly Charged to Grants

Example: Bus driver who drives for Head Start in the morning and a senior program in the afternoon. The driver will charge actual time worked to each program on her timesheet.

- PAR requirements are met with a short statement on the timesheet
  - Drove 15-passenger bus
Example:
Actual time worked charged to each grant.

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I certify that this Information is Correct:

Employee Signature

Supervisor Signature: Checked By:
3. Time Not Directly Charged to Grants

- If you use measures of activity to allocate costs, the purpose of the PAR is to support that the *activities* performed are allowable, reasonable and allocable.

- Time is charged to a departmental salary code (e.g. Fiscal Salaries) and a short statement on the timesheet meets PAR requirements.
3. Time Not Directly Charged to Grants

Example: Human Resources clerk maintains personnel files for all employees. He charges time on his timesheet to a HR Salaries and Wages code.

- PAR requirements are met with a statement on his timesheet
- HR Clerk – maintained all personnel records
Example:
Time charged to an administrative salaries code and allocated on number of employees.
Exempt Employees

- Activities of exempt employees often can’t be described in a single phrase
  - You must be more specific than, “Managed the Weatherization program”
  - This doesn’t say what activities were performed.
Exempt Employees

Examples of options for exempt employees:

1. Activities recorded on timesheets in hours worked
2. Activities tracked on a spreadsheet by percentages
3. Activities tracked in an Outlook calendar
Exempt Employees

• Create a list of the major activities performed or grants to be charged;
• Note hours or percentage of time spent in each category or grant, and
• Attach to the timesheet or with payroll records.
• Make it easy:
  – Use tools and processes already in place

Remember: whatever you do must meet all requirements!
Personnel Activity Reports

Example: Executive Director

• Categories:
  – Work with Human Resources on personnel issues
  – Prepare for & meet with the Board
  – Review financial reports

• Remember the goal: to provide only enough information so funders know the activities are in support of the award
Example: Executive Director fills out a timesheet.
Example: Finance Director tracks her activities on a spreadsheet in percentages.
Using an Outlook Calendar

Many exempt employees use Outlook calendars to record appointments, meetings, etc.

An Outlook calendar can be used as a personnel activity report if it complies with all requirements.
Example: Not in compliance with PARS requirements – does not account for 100% of activities.
Example: this calendar accounts for 100% of activities and can be used to meet PAR requirements
Personnel Activity Reports

Simpler is better – non-detailed, short descriptions are best

• Use check boxes and large blocks of time

Be creative – maybe you can use a field in your time reporting system
Summary

• Required for everyone charged to federal awards except if 100% in the indirect cost pool
• Coordinate with your cost allocation methods
• Develop a simple, doable process that meets all the requirements
Thank You!

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