Time and Effort Reporting: Sample Policy and Procedure[[1]](#footnote-1)

**Policy.**

As a condition to receiving federal funding (grants, subgrants and cooperative agreements), *[PCA-HCCN name]* (“PCA-HCCN”) is required to maintain specific documentation confirming the time and effort devoted to federally funded sponsored projects by its employees. Accordingly, detailed below is the process that all PCA-HCCN employees must follow to document their time and effort as required by 45 C.F.R. Part 75, Subpart E. Adherence to this procedure is necessary to prevent cost disallowances and penalties by the federal government and other agencies.

Subpart E to 45 C.F.R. Part 75 sets forth the requirements governing time and effort reporting and the verification of salary distributions. Specifically, 45 C.F.R. § 75.430 (entitled “Compensation – personal services”) provides that “[c]harges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.” Among other things, such records must “[r]easonably reflect the total activity for which the employee is compensated by the non-Federal entity,” “[e]ncompass both federally assisted and all other activities compensated by the non-Federal entity,” and “[s]upport the distribution of the employee’s salary or wages among specific activities or cost objectives” if the employee works on more than one activity or cost objective.

In order to meet these requirements, PCA-HCCN has instituted an activity confirmation system. This system meets the basic requirements of 45 C.F.R. § 75.430 by:

1. Reflecting an after-the-fact determination of the actual activity of each employee;
2. Accounting for the total activity for which employees are compensated;
3. Providing for confirmation of activity by the employee; and
4. Meeting the timeliness requirement through bi-weekly confirmation.

Supervisors are responsible for ensuring that the time distribution for their employees maintained in Human Resources is accurate and consistent with this Policy.

**Procedure.[[2]](#footnote-2)**

**Reporting Time & Effort**

1. The Activity Report of all salaried and hourly employees will be documented in the electronic time collection system and confirmed by the employee on a bi-weekly basis.
2. The Activity Report will reflect the distribution of the employee’s total period compensation across all of PCA-HCCN’s functions, including work on federal and non-federal projects.
3. All Activity Reports will account for the total activity of the employee.
4. With each authorization of the bi-weekly Activity Report, the employee is confirming that the time and effort reported, to the best of his or her knowledge, accurately reflects the effort assigned across all activities.
5. Each supervisor will review and approve their direct reports’ activity.

**Additional Matters**

1. The electronic Activity Report, approved by the supervisor and posted to payroll, will serve as the documentation required under 45 C.F.R. § 75.430.
2. PCA-HCCN may impose disciplinary action up to and including termination of employment for employees who consistently fail to complete their Activity Reports.

**This policy and procedure shall be periodically reviewed and updated consistent with the requirements and standards established by the Board of Directors and PCA-HCCN management, federal and state laws and regulations, and applicable accrediting and review organizations.**

**Responsible parties:**

### Signature Date

### Executive Director

Signature Date

1. The Authors of these materials include attorneys at the law firm of Feldesman Tucker Leifer Fidell LLP. The sample documents offer general guidance based on federal law and regulations and do not necessarily apply to all PCAs-HCCNs under all facts and circumstances. Further, these materials do not replace, and are not a substitute for, legal advice from qualified legal counsel. [↑](#footnote-ref-1)
2. Authors’ note: Using the following sample as a guide, PCAs-HCCNs should tailor the procedure to reflect their own structures and operations. [↑](#footnote-ref-2)