

Time and Effort Tracking Reference Guide



Technical assistance resource for subrecipients of U.S. Department of Justice grants administered by the Kentucky Justice and Public Safety Cabinet, Grants Management Division.

TIME AND EFFORT TRACKING

This technical assistance resource has been prepared to assist subrecipients of grants administered by the Kentucky Justice and Public Safety Cabinet, Grants Management Division (GMD), with ensuring the amount of compensation charged to federal subawards is accurate, allowable, properly allocated, and adequately supported.

Charges to federal awards for salaries, wages, and fringe benefits, must be accurate and supported by source documentation as outlined in [2 CFR § 200.302](#), [2 CFR § 200.430](#), and Section 3.9 of the [DOJ Grants Financial Guide](#). **Failure to properly support the use of grant funds may result in costs being deemed ineligible for reimbursement.**

This reference guide:

- Specifies grant costs subject to this guidance;
- Provides general allowability requirements for compensation costs;
- Provides examples of unallowable compensation costs;
- Describes cost documentation requirements to properly support award costs; and
- Identifies source documents and required elements subject to GMD review during desk reviews and compliance monitoring.

Which costs are subject to this guidance?

This guidance applies to personal service costs as defined by [2 CFR § 200.430](#). Personal service costs are generally defined to include personnel expenses, including salaries and wages, fringe benefits, pensions, and other related costs that are both allowable and included in the approved budget.

Personal service costs most often appear in the Personnel budget category of a subrecipient's approved grant budget. Please note under certain circumstances compensation costs in other budget categories may be subject to this guidance and must be supported in the same manner as salaries and wages claimed for reimbursement under the grant.

The supporting documentation and time and effort tracking requirements outlined in this job aid apply to:

1. Employees whose personnel expenses are charged (in whole or part) to the grant
2. Contractors who perform jobs that are a regular or routine part of the subrecipient's business and whose services are funded (in whole or part) by the grant
3. Employees whose compensation is committed (in whole or part) to meeting the cost matching requirement of a grant
4. Volunteers whose activity hours are committed to meeting the cost matching requirement of a grant

Which personal service costs are allowable?

Compensation for personal services are allowable provided they meet the parameters established within [2 CFR § 200.430](#) and the [DOJ Grants Financial Guide](#). Generally, these costs include personnel expenses, including salaries and wages, fringe benefits, and other related costs that are both allowable and included in the approved budget. Fringe benefits may include Social Security, retirement contributions, health insurance, life insurance, leave (holidays, sick leave, vacation, etc.), pensions, and unemployment benefit plans.

To be allowable, personal service costs must meet **ALL** the following requirements:

1. Allowable under the federal program through which grant funds are made available, as well as applicable statutes, regulations, and subaward conditions
2. Included in the approved grant budget, including any approved Grant Award Modifications, as reflected in *Intelligrants 10.0* (IGX)
3. Reasonable for the services rendered
4. Properly allocated across funding sources
5. Adequately supported under [2 CFR 200.430\(i\)](#) with documentation that sufficiently tracks all costs, employee time and effort, and proper payroll allocation methodology
6. Compensation must be for work performed during the performance period
7. Accrued in accordance with established written organizational policies
8. Benefits must be available to all employees whether or not the position is grant-funded

Which personal service costs are unallowable?

Subrecipients should consult the terms and conditions of their award, as well as any associated application guidelines and instructions, to determine which costs are unallowable under their specific contract. A few examples of costs not eligible for reimbursement under any grant administered by GMD are included below:

- ✗ **Costs that are not included in the approved grant budget**
- ✗ **Bonuses or other forms of incentive compensation**
- ✗ **Dual compensation** – Dual compensation is not allowable under any circumstance. For example, a subrecipient employee working on two (2) or more separate grant awards may not receive compensation from both awards for work performed during a single period even if such work may benefit both grant projects.
- ✗ **Retroactive payments for work performed during prior performance period(s)** – Compensation must be for work performed during the performance period.
- ✗ **Health insurance costs in excess of single plan coverage** – Health insurance costs charged to a grant may only cover the cost of a single coverage plan. Additional costs for joint or family plans may not be charged to the grant.

SUPPORTING DOCUMENTATION

Supporting documentation is regularly reviewed by GMD Financial Administrators to substantiate financial report reimbursement requests and during compliance monitoring engagements, to verify charges to federal awards are properly supported by documentation that adequately reflects employee time and effort as well as proper payroll allocation. Documentation must include enough detail to provide reasonable assurance that the charges are accurate, allowable, and properly allocated ([2 CFR § 200.430](#)). Budget estimates or other distribution percentages determined **before the services are performed** do not qualify as support for charges to Federal awards.

What documents are needed to substantiate time and effort expenditures?

Personnel expenditures, including salaries, wages, and fringe benefits charged to a federal award are required to be accurate and supported by source documentation as outlined in [2 CFR § 200.302\(b\)\(3\)](#) and [2 CFR 200 § 200.430\(i\)](#).

Typical supporting documents include:

- Employee timesheets which align with the subrecipient's pay periods
- Subsidiary time and effort reports
- Detailed general ledger reports
- Payroll distribution reports or individual pay stubs

What are the requirements for tracking employee time?

Charges made to Federal wards for salaries, wages, and fringe benefits must be based on records that accurately reflect the work performed and comply with the established policies and practices of an organization ([DOJ Grants Financial Guide](#), 3.9 Allowable Costs, Support of Salaries, Wages, and Fringe Benefits). The following condition is applied to all subawards administered by GMD:

The Contractor shall maintain time and activity records for all personnel (including volunteers if applicable) assigned to this award. Support shall reasonably reflect the total activity for which the employee is compensated by the organization and cover both federally funded and all other activities. Where grant recipients work on multiple grant programs or cost activities, documentation shall support a reasonable allocation or distribution of costs among specific activities or cost objectives. Timesheet records shall be signed by the individual and a supervisor with immediate knowledge of the work performed, and records retention requirements shall be followed. Timesheets shall include activity, dates of activity, assigned codes, number of hours worked, name, and signature. Electronic signature is allowable.

Timesheets

Support must reasonably reflect the total activity for which the employee is compensated by the organization and cover both federally funded and all other activities ([2 CFR § 200.430](#)). Timesheets must reflect an after-the-fact distribution of actual activities, account for the total activity for which the employee is compensated, and be certified by a supervisor with firsthand knowledge of the work performed.

- Timesheets must be prepared on a regular basis (at least monthly).
- Timesheet periods should coincide with 1 or more pay periods.
- Timesheets must record by project and activity the actual hours worked.
- Timesheets must give the employee the ability to record hours not to be reimbursed by the grant, whether for duties related to a different project or ad hoc duties not permitted under the award.
- If hardcopy, the employee must sign or certify them in ink. If the timesheet is electronic, the software should allow for an electronic signature by the employee.
- A supervisor with firsthand knowledge of work performed must certify employee timesheets.

Subsidiary Time and Effort Reports

Not all timekeeping systems utilized by subrecipient organizations are equipped to document work performed across different grant programs or demonstrate grant funds were only used in the performance of allowable grant activities. In such cases, subsidiary time and effort reports must be maintained to supplement employee timesheets. Subsidiary reports could include activity logs that tie out to timesheet periods to demonstrate performance of allowable activities. Please note the federal award conditions governing many grant programs prohibit subrecipients from disclosing, revealing, or releasing any personally identifying information or individual information in connection with recipients of grant-funded services.

TECHNICAL ASSISTANCE AVAILABLE

Adequate time and effort documentation can take many forms. Compliant time and effort tracking requires subrecipients to take their available systems and unique operating environments into account. Subrecipients are encouraged to request technical assistance from their assigned GMD program and financial administrators if unsure whether current time and effort tracking practices and documentation fulfill award requirements. GMD staff are available to review, give feedback, show examples, and/or provide time and effort tracking templates for subrecipient adaption.

REFERENCES

[2 CFR § 200.302 \(b\)\(3\) Financial management.](#)

[2 CFR § 200.430 Compensation - personal services.](#)

[DOJ Grants Financial Guide](#)

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