

Procedure 905 Documenting Salaries and Wages

Documentation of salaries and wages is often necessary to support charges to specific funding sources (resources), instructional settings (goals), and activities (functions). Some level of formalized time documentation is normally needed for all salaries and wages paid from federally funded programs. However, for salaries and wages paid from state funds, formalized documentation is usually necessary only when the funds are restricted, when positions are split between goals or certain functions, or when program guidelines require it.

In reviewing this procedure, local educational agencies (LEAs) should keep in mind that written policies and procedures are essential to implement an effective labor distribution system. LEAs must develop a time documentation process (e.g., forms, employee training, internal controls, and compliance checks) that meets their particular needs.

Salaries and Wages Charged to Restricted Programs

Costs of salaries and wages are usually an allowable charge to programs with a restricted funding source. However, LEAs are normally required to have time documentation to support the charging of their salaries and wages to a restricted source.

The federal cost principles contained in the uniform guidance for the administration of federal grants in Title 2 of the *Code of Federal Regulations*, Part 200 (the Uniform Guidance) specify which costs are allowable charges to federal programs, which costs are not allowable, and how costs charged to federal programs must be documented. LEAs must apply the Uniform Guidance to all federal funds that are subject to the cost principles.¹ Section 200.430 specifies the standards for documenting salaries and wages charged to federal programs. These standards are in addition to those for payroll documentation. LEAs must adhere to these standards and to any additional standards established for particular programs.

Time documentation requirements for charging salaries and wages to state programs are based on the federal time documentation guidelines. However, there is an alternative method available to document salaries and wages charged to state restricted programs.

Cost Objectives

The Uniform Guidance defines a cost objective as “a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc.” (Section 200.1). For purposes of supporting salary and wage expenditures, the identification of cost objectives allows funding sources to be pooled for a common objective.

In practical terms, a cost objective is a set of work activities allowable under the terms and conditions of a particular funding source. In the determination of whether an employee works on a

¹ A few federal funding sources are not subject to the cost principles. Federal Impact Aid is an example.

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single cost objective or on multiple cost objectives, the most significant factor is not the number of funding sources supporting the salary but rather the activity being performed.

Single Cost Objective

A set of work activities may be considered a single cost objective when both the service(s) being performed and the population(s) being served are allowable under any of the programs supporting the cost objective (i.e., the funding sources are homogeneous). Stated another way, costs allocable to that cost objective must be allowable under any of the programs that fund the activities. If these criteria are met, an activity that benefits two or more programs may be considered a single cost objective.

Homogeneous funding sources are the exception rather than the rule. If it is not clear whether the funding sources are in fact homogeneous, the activities should be treated as separate (multiple) cost objectives rather than as a single cost objective.

An example of a single cost objective at its most basic is an employee who works solely on one activity that is funded by a single source. Although this type of one-to-one relationship does occur, it is also possible to have a single cost objective that is funded by multiple sources. For example, if an employee works in a position that is funded by multiple federal programs, but the employee does similar activities all day and the federal programs have the same requirements with regard to allowable costs and eligibility of participants, then that employee may be considered as working on a single cost objective.

Following are examples of employees working on a single cost objective:

1. **Single Funded Activity:** An employee who works solely (100 percent) on activities of a single federal or state restricted program or on a single nonfederal program used in meeting cost sharing or matching requirements of federal awards.
2. **ESSA Consolidated Administrative Funds:** An employee who works solely on administrative activities of the Every Student Succeeds Act (ESSA) where the administrative funds have been consolidated in Resource 3155, ESSA Consolidated Administrative Funds (see Procedure 780).
3. **Schoolwide Program (SWP):** A school-site employee working solely on an SWP plan approved by the California Department of Education (CDE). This is a single cost objective because, for an approved SWP plan, the LEA may use ESSA Title I funds in combination with some or all of its other federal funds and state and local general-purpose funds to upgrade the entire educational program in a school (Title I, Part A, Subpart 1, Section 1114).

Employees working on an SWP plan who are paid in part by federal programs that have not been combined in the SWP, and employees who work on both SWP and non-SWP plan activities, are not considered to be working in a single cost objective.

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4. **Combined Federal and State Awards:** An employee such as a drug prevention counselor or a special education instructional aide who is funded by a mixture of federal and/or state awards, where the services provided and the populations served are eligible and allowable under any of the awards (see the note following item 5).
5. **Combined Federal, State, and Local Awards:** An employee who is funded by a mixture of federal, state, and local resources, where the services provided and the populations served are allowable and eligible under any of the funding sources. For example, the salary of a cook working in a school cafeteria may be funded from a mix of federal funds (free or reduced-price meal reimbursement), state funds (additional reimbursement funds), and local funds (lunch sales). If the cook spends all of their time in the preparation and serving of school lunches, and if all of the activities performed by the cook are allowable under any of the funding sources, then the cook's activities can be considered a single cost objective.

Similarly, an aide working in a child care center is paid from child development funds, which may include federal, state, and local resources. If the aide spends 100 percent of their time providing child care to children who could be served under any of the funding sources, the aide's time may be considered a single cost objective.

Note: Items 4 and 5 are simplistic examples and are provided only for explanatory purposes. More complex situations may indicate multiple cost objectives rather than a single cost objective (refer to the discussion on homogeneous funding sources on page 905-2). To ensure that timekeeping efforts comply with the requirements of the Uniform Guidance, LEAs need to evaluate each situation to determine which time documentation requirements apply.

Multiple Cost Objectives

When an employee works on more than one award and the activities performed may not be considered a single cost objective, the employee is considered to work on multiple cost objectives.

Following are examples of employees working on multiple cost objectives:

1. An employee provides similar services all day, but their position is supported by multiple federal awards that have different rules as to the eligibility of participants or allowable costs.
2. The employee works on dissimilar activities for more than one federal program, and the programs are not combined in an approved SWP.
3. The employee works on dissimilar activities for a mixture of federal and state programs, and those programs are not combined in an approved SWP.
4. The employee works on a mixture of federal and general-purpose activities that have not been combined in an approved SWP.

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5. The employee is funded by more than one nonfederal program source, and one of the sources is used in meeting the cost sharing or matching requirements of federal awards.
6. The employee works on both an indirect cost activity (e.g., business services) and a direct cost activity (e.g., special projects administration or an approved SWP plan).
7. The employee works on an unallowable activity (e.g., school board) and an indirect cost activity or a direct cost activity.

Examples of Single and Multiple Cost Objectives

XYZ School has three federal categorical programs that supplement the school's regular base funding. The following examples show how different time documentation guidelines would apply:

Example A

Employees at XYZ School are multifunded, either by more than one federal program or by a federal program and other general-purpose revenues (regular base funding). The services provided and populations served vary by program. The school does not have an approved SWP.

Employees are considered to work on multiple cost objectives because the funding comes from two or more federal programs or from federal programs and general-purpose revenues, and the school does not have an approved SWP plan.

Example B

XYZ School has an approved SWP plan. It has the same three federal categorical programs supplementing its regular base funding. In its SWP plan, XYZ School has combined the three federal categorical programs and its regular base funding in the SWP plan.

Employees who work solely at XYZ School on SWP activities are considered to work on a single cost objective because the school has an approved SWP plan that combines the funds.

How to Document Federally Funded Salaries and Wages

The cost objective(s) on which an employee works is the main factor in determining whether federal time documentation requirements can be satisfied by a periodic personnel certification or whether the requirements must be met through the more detailed form of a personnel activity report (PAR) or equivalent documentation.

Salaries and wages used in meeting cost sharing or matching requirements of federal awards must also be supported by one of these methods.

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Each LEA needs to determine its time documentation requirements based on its own circumstances, and each LEA must ensure that its timekeeping efforts comply with the requirements of the Uniform Guidance and with any additional requirements established for particular programs. The time documentation requirements in this procedure satisfy the requirements of the Uniform Guidance.

Periodic Certification

Employees who work solely on a single federal award or cost objective need only complete a periodic certification. If an employee has a set schedule for the whole school year, the LEA may consider completing a periodic certification encompassing the entire school year. If the employee does not maintain a set schedule for the entire school year, the periodic certification must be completed at least semiannually.

The periodic certification must:

- Be prepared at least semiannually, unless the employee works a set schedule for the entire school year.
- Be signed by the employee or the supervisory official having firsthand knowledge of the work performed by the employee.
- State that the employee worked solely on that single federal program or cost objective during the period covered by the certification.

Where multiple employees work on the same cost objective, a blanket certification may be used as the documentation for all employees who worked on the cost objective. For example, a school with an approved SWP may choose to prepare a blanket certification that lists all employees who worked solely on the SWP. Because periodic certifications may be signed by either the employee or supervisor and because the purpose of a blanket certification is to simplify the time documentation process, the school may choose to include only the signature of the supervisor, which in this SWP example would be the school principal.

Sample periodic certifications are provided on pages 905-19, 905-20, and 905-21. These sample documents are very basic and may require enhancements to meet time documentation requirements of certain programs.

Note: In accordance with the February 8, 2008, nonregulatory Title I guidance issued by the United States Department of Education, at a school that has consolidated all of the school's federal, state, and local programs in the SWP plan, an employee who works 100 percent on the SWP is not required to complete a periodic (semiannual) certification because there is effectively no other cost objective at the school. At a school that has even one federal, state, or local program that is not consolidated in the SWP plan, an employee who works 100 percent on the SWP should complete a semiannual certification.

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Personnel Activity Report

Except as provided in “Substitute Systems for Time Accounting” later in this procedure, employees who work on multiple activities or cost objectives of which at least one is federal must complete a personnel activity report (PAR) or equivalent documentation.

A PAR may be as detailed as a document that identifies the employee’s activity daily by hours, or it may be as simple as a report of the total hours or percentage of hours spent in each categorical program or cost objective. The level of detail can generally be determined by the diversity and variation of the employee’s work activities. The safest approach is to provide more documentation rather than less.

PARs or equivalent documentation must:

- Reflect an after-the-fact distribution of the actual activity of each employee.
- Account for the total activity for which each employee is compensated.
- Be prepared regularly and coincide with one or more pay periods.
- Be signed by the employee.

Neither federal regulations nor the CDE require LEAs to use a specific format for documenting salaries and wages, as long as the format satisfies the requirements listed above.

Budget estimates alone, or other distribution percentages determined before the services are performed, do not qualify as support for charges to federal awards, but these figures may be used for interim accounting purposes provided that:

- The LEA’s system for establishing the estimates produces reasonable approximations of the activities actually performed.
- Comparisons of budgeted distributions with actual costs based on the monthly activity reports are made at least quarterly. If the variances between total budgeted and total actual costs are 10 percent or more, adjustments must be made at least quarterly to the LEA’s financial records, including to billings made to federal grantor agencies. If the variances are less than 10 percent, the adjustments may be recorded annually.
- The budget estimates or other distribution percentages are revised at least quarterly if necessary to reflect changed circumstances.

A sample PAR for documenting the time of employees who work on more than one cost objective and whose time spent on each cost objective is fairly predictable and does not vary significantly from day to day is illustrated on page 905-19. This sample document is very basic and may require enhancements to meet time documentation requirements of certain programs.

A PAR documenting the time of employees who work on more than one cost objective and whose time spent on each cost objective is unpredictable and varies significantly would be more detailed and might appear more like a daily timesheet broken down by activity or cost objective.

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Substitute Systems for Time Accounting

As an alternative to the level of documentation achieved by a PAR, the Uniform Guidance allows for substitute systems of time accounting using sampling methods that meet statistical sampling standards for allocating salary and wages [Section 200.430(i)(5)]. Such substitute systems are subject to prior federal approval. The United States Department of Education has approved two such systems for California's LEAs to use, at their option, for substantiating federal salary and wage charges for those employees working on multiple-funded activities or cost objectives.

A substitute system is intended to simplify recordkeeping for LEAs that must substantiate salary and wage charges to federal programs through the use of PARs or equivalent documentation. Unless the LEA uses an approved substitute system, PARs must be prepared at least monthly for employees working on multiple cost objectives whenever federal funds are involved.

Substitute System Based on Sampling Method: Under the sampling method substitute system approved for California LEAs in 1998, PARs are required less frequently than monthly. Specifically, this approved substitute system allows LEAs to collect PARs from employees every fourth month (three times a year). The information from these PARs is used both to reconcile the federal timekeeping estimates from the previous three months and to estimate the percentage of time employees will spend on various federal programs in the next three months. This system works best when the composite workload produces an even distribution of salaries to accounts over the full 12-month period.

LEAs may choose any month to begin the cycle for the sampling method substitute system. Because the starting month establishes the recordkeeping cycle for the year, LEAs should choose a starting month that most accurately reflects their annual average labor cost experience.

The following is a description of the sampling method substitute system. The description is based on the assumption that the LEA begins the substitute recordkeeping at the beginning of the fiscal year and the first PARs are collected in July.

- All multiple-cost-objective employees where at least one of the cost objectives is federally funded or is used in meeting cost sharing or matching requirements of federal awards must keep PARs for the full month of July to account for 100 percent of their time spent on activities for which they are compensated. From the PARs, labor distribution reports for July are generated to support effort distribution and charges for costs incurred in July and to provide the basis for employee salary and fringe benefit allocations for August, September, and October.
- In November and March, the multiple-cost-objective employees keep PARs that are used to:
 1. Support effort and labor costs incurred in November and March.
 2. Compare with and make any necessary adjustments to the budgeted effort distribution for August through October and December through February.

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3. Project salary and fringe benefit allocations for December through February and April through June.
- The process starts over again the following July to support incurred labor cost allocations for that month and to compare and adjust the budgeted effort distribution for April through June. The July PARs also start another round of labor distribution estimates for the second year.
- After the first full year on the system, LEAs may shift from collecting PARs three times a year (e.g., July, November, March) to two times a year (e.g., July, January) if the deviation between the total estimated time and total actual time charged is consistently less than 10 percent. Thereafter, the twice-yearly PAR collection may be maintained as long as the deviation is consistently less than 10 percent.

Important rules for LEAs choosing to use the sampling method substitute system for time accounting are as follows:

1. All aspects of the substitute system must be implemented in accordance with the guidelines shown in this section. As with any time documentation method, adherence to the substitute system is subject to monitoring.
2. If an LEA elects to use the sampling method substitute system, all multifunded employees who would otherwise be required to complete PARs (i.e., multiple cost objective employees) must participate in that system. They will still complete PARs that cover the entire months being sampled, but the PAR reporting frequency is reduced from every month to only three times (or less) a year.
3. Employees funded solely (100 percent) from a single federal source or who work on a single cost objective must not participate in the sampling method substitute system because their data would distort the aggregate results of the multifunded data. Those employees must continue to prepare separate periodic certifications.

Substitute System Based on Employee's Predetermined Schedule: Under the predetermined schedule substitute system approved for all LEAs in 2012, an LEA may use alternative documentation—such as a teacher's course schedule—instead of PARs to document the time and effort of an individual who works on multiple activities or cost objectives but who does so on a predetermined, or fixed, schedule. An individual documenting time and effort under this substitute system is permitted to certify time and effort on a semiannual basis.

The CDE is authorized to approve LEAs to use this substitute system for time-and-effort reporting in accordance with the following guidelines. In permitting an LEA to use this substitute system, the CDE must obtain from the LEA a management certification that only eligible employees will participate in this substitute system and that the system used to document employee work schedules has sufficient controls to ensure that the schedules are accurate. Additionally, the certification must include a full disclosure of any known deficiencies with the system or known

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challenges with implementing the substitute system. This certification may be used by auditors and by the CDE oversight personnel when conducting audits and sub-recipient monitoring of the substitute time-and-effort system.

To be eligible to document time and effort under this substitute system, employees must meet the following guidelines:

- Work according to a schedule that includes multiple activities or cost objectives that must otherwise be supported by regularly completed PARs.
- Work on specific activities or cost objectives according to a predetermined schedule.
- Not work on multiple activities or cost objectives at the exact same time on their schedule.

Under this predetermined schedule substitute system, in lieu of PARs, eligible employees may support a distribution of their salaries and wages through documentation of an established work schedule that meets the standards described below. A work schedule may be in a style and format already used by an LEA.

Employee schedules must meet the following requirements:

- Indicate the specific activity or cost objective that the employee works on for each segment of the employee's schedule.
- Account for the total hours for which the employee is compensated during the period reflected on the employee's schedule.
- Be certified at least semiannually and signed by the employee and by a supervisory official having firsthand knowledge of the work performed by the employee.

A sample employee schedule is provided on page 905-22.

Revisions to an employee's established schedule that will continue for a prolonged period, such as changes relating to the start of a new semester or trimester, must be documented and certified in accordance with the requirements described above. The effective dates of changes to the schedule must be clearly indicated.

Significant deviations from an employee's established schedule that require the employee to work on multiple activities or cost objectives at the exact same time, including but not limited to lengthy, unanticipated schedule changes, must be documented by the employee using a PAR that covers the period during which the deviations occurred. Significant deviations from an employee's established schedule that would warrant an individual reverting to a PAR include any deviation from a scheduled activity that represents more than an incidental benefit to the unscheduled activity. To not be considered a significant deviation, the time spent on the unscheduled activity must meet each of the following three requirements:

- The time spent on the other activity must not take away from the benefit to the intended beneficiaries of the scheduled activity.

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- The time spent on the other activity must not have been planned or foreseen at the beginning of the period covered by the schedule.
- The time spent on the other activity must be *de minimis*.

Unplanned, unforeseen, and infrequent deviations of less than 5 percent of the predetermined schedule are generally not considered significant. However, even small deviations, if planned or foreseeable at the outset, are considered significant regardless of their size and would warrant a reversion to the use of a PAR. The 5 percent threshold applies daily.

Approval and Implementation of a Substitute System: LEAs implementing the sampling method substitute system require no further approval from CDE. However, LEAs implementing the predetermined schedule substitute system require approval from the CDE. Approval is automatically granted once the LEA provides certain assurances. The assurances and the approval process are administered through the Consolidated Application (ConApp).

Because the sampling method substitute system requires that all eligible employees must participate, the sampling method system and the predetermined schedule system may not be implemented in conjunction with one another.

As with all time documentation methods, written policies and procedures are essential to implementing an effective substitute system for time accounting. LEAs should develop forms and provide employee training before implementing the substitute system. It is suggested that a trial run be done before beginning the actual substitute system process.

The following elements should be addressed as an LEA develops and implements a substitute system for time accounting:

1. Proper completion of PARs, including how frequently PAR data must be recorded and what constitutes adequate documentation
2. Required review and approval cycle
3. Handling of completed forms
4. Internal review process to ensure compliance

Generally, this information should provide enough detail to permit an understanding of how the substitute system will operate from the point labor is expended to the point it is recorded in the accounting records and charged to federal awards.

Documentation of Supplemental Employment Contracts

As stated previously, PARs or equivalent documentation must account for the total activity for which an employee is compensated. This would include additional hours worked as part of that activity, such as overtime. However, if an employee has a supplemental contract in addition to a regular position and outside the employee's normal workday (e.g., a teacher during the school day and a coach after school), then each position is evaluated to determine the time documentation needed for each.

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Following are sample scenarios of regular contracts and supplemental employment contracts and the time documentation requirements for each:

1. **The regular contract requires time documentation, but the supplemental contract does not.** An employee has a regular contract to work as a Title I teacher during the school day and a supplemental contract to provide athletics coaching after school. Time documentation that includes 100 percent of the teacher's school day is required for the teaching position (either a PAR or periodic [semiannual] certification, depending on the duties). The supplemental coaching position is outside the scope of the employee's regular position and, if funded from unrestricted moneys, generally would not require time documentation.
2. **Both the regular contract and the supplemental contract require time documentation.** An employee has a regular contract to provide both Title I and basic education services during the school day, plus a supplemental contract to work as a tutor for the 21st Century Learning program after school. A PAR or equivalent documentation would be required for the regular contract because it is considered multiple cost objectives. The supplemental tutoring position is outside the teacher's regular position, but since it is paid for with federal funds, the rules for time documentation apply and a periodic (semiannual) certification would be required.

Where an employee's normal workday consists of diverse assignments, none of the diverse assignments constitutes a supplemental contract for purposes of time distribution. If time documentation is required for any of the employee's workday, the time documentation must account for the entire workday.

Salaries and Wages Charged to State Funded Programs

LEAs are required to provide supporting documentation for salaries and wages charged to state restricted programs (resources). Documentation is also required for certain state unrestricted activities, such as when the activity has specific documentation requirements (e.g., state mandated programs), or when salaries and wages are charged to a specific program (goal), or when salaries and wages are split between a direct cost and an indirect cost activity (function).

As with federal programs, the level of documentation needed to charge salaries and wages to a state program or activity is predominantly determined by whether the employee works on a single cost objective or on multiple cost objectives. LEAs must also consider any specific documentation requirements a state program may have, such as if a program requires the use of the state documented method (to be discussed next) or if a program has specific limitations or requirements regarding the type(s) of services provided, such as direct services to students.

How to Document State Restricted Salaries and Wages

In the absence of more stringent state program guidelines, when documenting salaries and wages charged to state restricted programs, LEAs may use the documentation methods described in "How

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to Document Federally Funded Salaries and Wages” beginning on page 905-4. These methods include monthly PARs, periodic certifications, and the substitute system for time accounting.

When using federal methods to document state programs, LEAs will follow the single- and multiple-cost objective guidelines to determine the level of time documentation needed. For example, an employee who works on multiple state cost objectives will complete a PAR (or equivalent documentation) or participate in the substitute system for time accounting rather than completing a periodic certification.

In addition to the federal time documentation methods, California has an alternative method that LEAs may use to support salaries and wages charged to state restricted programs. This alternative method is referred to as the *state documented method*. It is similar to the federal PAR process.

The State Documented Method

Salaries and wages paid from state restricted funds must have supporting documentation conforming to either the federal documentation method or the alternative state documented method. For the state documented method to be used, the following criteria must be met:

1. The specific costs would not occur if the program being documented were discontinued.
2. The costs must be supported by auditable documentation, including time reports and contemporaneous records of activities.
3. All parts of the product or service (e.g., a position or service contract) must be documented.

Unless stated otherwise in the guidance following, personnel whose costs are being documented under the state documented method must complete an activity worksheet. The worksheet must include, at a minimum, the following elements, but additional information may be incorporated to meet local needs:

Activity Worksheets

- *Reporting frequency.* An employee’s activity worksheet must be completed at least monthly.
- *Information to be reported.* The following basic information must be recorded for each employee being documented:
 1. Name of the LEA
 2. Employee’s name
 3. Employee’s position title
 4. Period covered by the worksheet
 5. Signature of the employee
 6. Signature of the employee’s supervisor
 7. Work activity (e.g., the name/description of the program or cost objective)

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The basic activity worksheet generally provides the minimum required documentation when an employee's assignment is in support of only one program or cost objective. Additional information may be necessary in more complex situations or to meet specific program time documentation requirements.

Employees who are assigned to positions that serve more than one program should also record the following:

8. Name/description of each program or cost objective
9. Dates worked
10. Hours worked

Record only actual hours worked. These hours will be used as the basis for the distribution of costs to the programs or cost objectives. Include overtime hours worked, whether paid or unpaid. Exclude time off (vacation, sick leave, and any other time off) or report it as a separate line item. Report to the nearest quarter hour any time worked that is less than one hour. Substantiation of the time spent for each program is to include, at a minimum, a summary time sheet plus contemporaneous records that detail the time spent on each task.

Following are examples of various categories of employees. Under the state documented method, costs documented to single or multiple state restricted programs require at least the following documentation:

Program Staff. An activity worksheet must be completed if the program employee's time is to be charged to a state restricted program. Use of an activity worksheet to report time spent in various programs means that the employee must be able to substantiate the information that is reported. This substantiation consists of contemporaneous documentation such as appointment calendars, caseload records, and notices of meetings. The LEA must retain such documentation for a minimum of three years after the year of audit.

Employees working in more than one state activity or position whose time is being documented (e.g., an employee working half time as a project director and half time as a psychologist) need to maintain time-accounting records for each activity. Employees working part time in a teaching position and part time in a support position also need to maintain an activity worksheet to record the time spent in the teaching activity and that spent in the support activity.

Support Service Staff. Positions providing a support service function that are charged to multiple state activities need to maintain time-accounting records for each activity. When only one program is charged, consistent and verifiable supporting documentation is still needed and may be documented by identification with a position in the personnel/payroll system or an individual's contract.

Clerical Staff. Activity worksheets are normally not needed for clerical staff charged to state restricted programs. The costs of clerical services should be charged in the same manner as the costs of the manager to whom the clerical staff report. An exception is if the clerical duties do not

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correspond to those of the manager, in which case clerical staff members should document their time by using an activity worksheet.

Note: These state time documentation requirements are provided as general guidance and may not be sufficient documentation for all state programs. It is recommended that LEAs obtain specific guidance from the programs to ensure compliance with all requirements.

Documenting State Unrestricted Salaries and Wages

Salaries and wages charged to state unrestricted programs or funding sources generally do not require documentation; however, certain conditions such as the following may require documentation:

- The activity has specific documentation requirements. For example, state mandated programs' parameters and guidelines identify documentation requirements applicable to each mandated program.
- An employee's time is charged to a specific instructional goal or to multiple instructional goals (see "Documenting State Salaries and Wages to a Goal," in the next subsection).
- An employee works on both a direct cost activity and an indirect cost activity (see Procedure 915 for information on indirect cost activities). A monthly PAR or equivalent document is required unless the employee works in a position that fits one of the "in-lieu" distributions provided on page 905-17. Documentation is required because a mixture of direct cost and indirect cost activities is considered multiple cost objectives.
- An employee works 100 percent on indirect cost activities. The employee may use the LEA's regular payroll documentation process to document their time as long as the payroll is approved by a responsible LEA official. The indirect cost activities should be properly identified, such as on a timesheet or in a contract or job description.

Documenting State Salaries and Wages to a Goal

As stated previously, documentation is required when salaries and wages are charged to federal funds or state restricted funds. There are also instances when salaries and wages charged to state unrestricted funds must be substantiated, such as when the costs are direct-charged to an instructional goal. When unrestricted salaries and wages charged to a goal are documented, a lesser level of documentation than that required for restricted salaries and wages may be acceptable.

General guidelines and examples of how to document state unrestricted salaries and wages direct-charged to an instructional goal are as follows:

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A. Instructional Salaries and Wages

Instructional activities must be direct-charged to a specific goal. Generally, the class roster provides sufficient documentation for substantiating the salaries and wages of classroom teachers charged to specific goals.

The documentation for instructional aides may be based on their assignment to teachers with class rosters or the category of students to whom they are assigned.

B. Noninstructional Salaries and Wages

Charged to a Single Goal:

When supported by verifiable documentation, noninstructional salaries and wages may be direct-charged to a single goal. Examples of documentation that would be adequate include the contract or job description of a school employee, such as a nurse or counselor, that specifies the sole category of student served, such as special education students; or the contract or job description of a project director that specifies the category of student served, such as Director of Adult Education or ROCP Administrator.

If verifiable documentation does not exist, the costs should be charged to Goal 0000, Undistributed, and subsequently allocated to specific goals during the program cost accounting process (see “Allocating Support Costs Using Allocation Factors,” page 910-4).

Charged to Multiple Goals:

Direct-charging noninstructional salaries and wages to multiple goals requires contemporaneous documentation supporting the amount of time spent on each goal.

The salaries and wages of certificated administrators in instruction-related services (functions 2100 through 2700) or certain pupil services (functions 3100 through 3160 and 3900) that are direct-charged to multiple goals are to be supported by activity worksheets (see page 905-12). In many cases, documentation (e.g., time cards, PARs, or activity worksheets) already provided to substantiate the charging of salaries and wages to federal or state restricted programs is sufficient for documenting to a goal.

The salaries and wages of classified support staff should be distributed usually to the same goals and in the same ratio as the salaries and wages of the certificated personnel to whom the support staff members report.

Noninstructional salaries and wages of personnel other than administrators may be supported by activity worksheets, current job descriptions, or employee contracts. If job descriptions or contracts are used for documentation, they must be regularly reviewed and updated to ensure that they are current and reflect the actual activities of the staff. The

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charges should be based on actual time spent on specific goals rather than on budgeted figures.

In many situations, instead of noninstructional salaries and wages being charged directly to specific goals, it is appropriate to charge them to Goal 0000, Undistributed, for later allocation to specific goals during the program cost accounting process, using standardized allocation factors (see “Allocating Support Costs Using Allocation Factors,” page 910-4).

Charged to Multiple Resources and Goals:

Where salaries and wages are charged to multiple restricted funding sources (resources) and multiple goals, the documentation provided to substantiate charging the costs to the resources (e.g., time cards, PARs, or activity worksheets) will also support charging the costs to the goals. For example:

A counselor, hired to serve all students, is paid with a combination of unrestricted resources, a special education apportionment, and a federal grant for low-income students. The activities performed by the counselor are varied and serve multiple cost objectives. As stated earlier, because these are multiple cost objectives and part of this funding is federal, the salary split among these three resources must be documented by a PAR or equivalent documentation. This documentation of time by resource will also serve as the documentation between goals.

A project director’s salary is split among four state restricted funding sources. As discussed in “Salaries and Wages Charged to State Funded Programs,” on page 905-11, the salary split among four state resources must be documented by an activity worksheet, PAR, or equivalent documentation. This documentation of time by resource will also serve as the documentation between goals.

A school psychologist, under contract to serve all students, spends time doing assessment testing for special education children with existing individualized education programs (IEPs). If the salary is partially paid with special education money, the documentation of salaries split among resources will also support the split among goals. If the psychologist is paid solely with state unrestricted money but the LEA wishes to direct-charge this cost among goals, then those charges must be supported by time reports, calendars, or other documentation substantiating the actual time spent on the multiple goals.

Distributing Costs of State Programs Based on Activity Worksheets

Monthly time documentation records (PARs, activity worksheets, and time cards) for charges to state restricted programs detail the percentage of time employees spend on each activity and become the basis for the distribution of costs. In some instances, the monthly documents support the charging of costs directly to programs during the year; in other instances, the documents are used to distribute costs to programs periodically.

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When state funds are involved, the distribution of costs to the specific programs or cost objectives may be done on a schedule that best meets local needs (e.g., monthly, quarterly, at the first or second interim budget reporting periods, or at some other periodic interval). To determine the distribution of costs, record the actual hours worked in each program or cost objective as reported on the time documentation. Determine a proration by computing a ratio of the time spent in each to the total time worked. Distribute the salary and wage costs on the basis of the computed proration. The same proration will be applied to all costs associated with the activity, including the cost of associated clerical staff.

Cost Distributions in Lieu of Time Documentation

The charging of state salaries and wages to more than one goal usually requires documentation of the time spent on each goal. Time documentation is usually also necessary when an employee works on a direct and an indirect activity. However, for salaries and wages paid from state unrestricted funds, certain standardized distributions may be used in lieu of time documentation. These standard time distributions are applicable for use only when the positions are paid from state unrestricted funds.

County Office of Education Services to School Districts. County offices with staff performing similar activities within the areas of County Services to Districts and county office support services may charge costs as follows:

- 50 percent to Goal 8600, County Services to Districts
- 50 percent to Goal 0000, Undistributed

County offices with county board of education staff (Function 7100) performing similar activities within the areas of County Services to Districts and county office general administrative support may charge costs as follows:

- 50 percent to Goal 8600, County Services to Districts
- 50 percent to Goal 0000, Undistributed

Assistant Superintendents. The costs of assistant superintendents for instruction or equivalent positions having first-line responsibility for instructional administration and for participation in district/county policy may be charged as follows:

- 50 percent to Function 2100, Instructional Supervision and Administration
- 50 percent to Function 7200, Other General Administration

Small School Districts and Charter Schools. Small school districts and charter schools with one person performing the functions of both the principal and the superintendent may charge costs as follows:

- 70 percent to Function 2700, School Administration
- 30 percent to Function 7100, Board and Superintendent

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Small school districts and charter schools with staff performing support duties for both school administration and business office administration may charge costs as follows:

- 70 percent to Function 2700, School Administration
- 30 percent to Function 7200, Other General Administration

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Sample Personnel Activity Report

Personnel Activity Report (PAR)

Period Covered:¹ _____ Fiscal Year: _____

Employee Name: _____

School/Division/Department: _____

Cost Objective/Program Title	Account/Resource Code	Hours Worked ²	Percentage of Hours Worked
Project A	1111	35	21.7% (35÷161)
Project B	2222	60	37.3% (60÷161)
Project C	3333	56	34.8% (56÷161)
Program Administration	4444	10	6.2% (10÷161)
Total Hours Worked	n/a	161	100.0%
Compensated Time Off	n/a	7	n/a
Total Compensated Time ³	n/a	168	n/a

By signing below, I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities.

Employee: _____ Date: _____

1. This report must be prepared at least monthly and must coincide with one or more pay periods.
2. This report must be based on actual time worked, not budget estimates.
3. This report must account for the total activity for which each employee is compensated.

Caution:

- This sample form works well in those situations when an employee's time spent on programs is fairly predictable and does not vary much during the month. For employees whose time is unpredictable and varies significantly from day to day, a more detailed personnel activity report may be appropriate. Hourly time accounting is the method most accepted by auditors, and the safest approach is always to provide more documentation rather than less.
- During auditing and monitoring reviews, LEAs may be required to provide additional documentation to substantiate the percentages and hours reported, such as work schedules, job duty statements, or calendars.
- This sample form may not include sufficient detail to meet the time documentation requirements of specific programs, such as the requirements related to state mandated costs or the direct services to students and administrative costs requirements of Title I, Part A.

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Sample Periodic Certification for an Individual Employee Working on a Single Cost Objective

Periodic Certification ¹		
Period Covered: ² _____	Fiscal Year: _____	
Employee Name: _____		
School/Division/Department: _____		
Cost Objective/ Program Title	Account/Resource Code	Percentage of Effort
Program ABC	1111	100%
By signing below, I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities. Employee or Supervisory Official:³ _____ Date: _____		

1. This sample certification:
 - Is for employees working solely (100 percent) on a single cost objective charged to federal or state programs or from a single nonfederal categorical program used in meeting cost-sharing or matching requirements of federal awards.
 - May not meet certain program requirements, such as the direct services to students and administrative costs requirements of Title I, Part.
2. Certification must be prepared at least semiannually, unless employee works a set schedule that covers the entire period of the certification (e.g., twelve months for an annual certification).
3. This certification must be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Pursuant to a recommendation by the United States Department of Education and to facilitate good internal control, LEAs may wish to require both signatures.

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Sample Blanket Periodic Certification for Multiple Employees Working on a Single Cost Objective

Blanket Periodic Certification ¹		
Period Covered: ² _____ Fiscal Year: _____		
School Name: _____		
The following individuals have worked 100 percent of their time during the last six months under a single cost objective.		
Cost Objective Name: _____		
Cost Objective Account/Resource Number: _____		
Position	Printed Name	Signature ³
Teacher A	_____	_____
Teacher B	_____	_____
Teacher C	_____	_____
Instructional Assistant	_____	_____
Tutor	_____	_____
Guidance Counselor	_____	_____
By signing below, I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities. Supervisory Official³ Signature: _____ Title: _____ Supervisory Official Printed Name: _____ Date: _____		
1. This sample certification: • Is for employees working solely (100 percent) on a single cost objective charged to federal or state programs. • May not meet certain program requirements, such as the direct services to students and administrative costs requirements of Title I, Part A 2. This certification must be prepared at least semiannually, unless employees work a set schedule that covers the entire period of the certification (e.g., twelve months for a annual certification). 3. This periodic certification must be signed by the employee or by the supervisory official having firsthand knowledge of the work performed by the employee(s). To maximize the intent of the blanket periodic time certification, it is acceptable to design it with only the supervisory official's signature block.		

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Sample Periodic Certification for an Employee Working on Multiple Cost Objectives on a Predetermined Schedule

Periodic Certification ¹		
Period Covered: ¹ _____		Fiscal Year: _____
Employee Name: _____		
School/Division/Department: _____		
Type of Schedule: Daily _____ Weekly _____ Biweekly _____ Monthly _____ Other _____		
Cost Objective/ Program Title	Account/ Resource Code	Distribution of Time
Project A	1111	48.7%
Project B	2222	11.5%
Project C	3333	39.8%
Time ²		100.0%
By signing below, I certify that I performed work consistent with the attached schedule(s) and as distributed in the above percentages during the certification period. Employee: _____ Date: _____		
By signing below, I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities. Supervisory Official³ Signature: _____ Date: _____ Supervisory Official Printed Name: _____ Title: _____		
1. This certification must be prepared at least annually and cover the entire period of the certification (e.g., twelve months for an annual certification). 2. This report must account for the total activity for which each employee is compensated. 3. This certification must be signed by the employee and by a supervisory official having firsthand knowledge of the work performed by the employee. Both signatures are required.		

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Sample Predetermined Schedule

Employee Name: _____ Period Covered: _____

Position: _____ School/Division/Department: _____

Monday	Tuesday	Wednesday	Thursday	Friday
8:00–8:30 Consult with staff regarding Title I students/curriculum	8:00–8:30 Consult with staff regarding Title I students/curriculum	8:00–8:30 Consult with staff regarding Title I students/curriculum	8:00–8:30 Consult with staff regarding Title I students/curriculum	8:00–8:30 Consult with staff regarding Title I students/curriculum
8:30–8:45 Break	8:30–8:45 Break	8:30–8:45 Break	8:30–8:45 Break	8:30–8:45 Break
8:45–9:15 Special ed. support	8:45–9:15 Special ed. support	8:45–9:15 Special ed. support	8:45–9:15 Special ed. support	8:45–9:15 Special ed. support
9:15–10:00 Small-group reading	9:15–10:00 Small-group reading	9:15–10:00 Small-group reading	9:15–10:00 Small-group reading	9:15–10:00 Small-group reading
10:00–10:30 Small-group math	10:00–10:30 Second grade Title I reading	10:00–10:30 Small-group math	10:00–10:30 Second grade Title I reading	10:00–10:30 Small-group math
10:30–11:00 Second-grade Title I reading/math	10:30–11:00 Second grade Title I math	10:30–11:00 Second-grade Title I reading/math	10:30–11:00 Second-grade Title I math	10:30–11:00 Second-grade Title I reading/math
11:00–11:30 Lunch break	11:00–11:30 Lunch break	11:00–11:30 Lunch break	11:00–11:30 Lunch break	11:00–11:30 Lunch break
11:30–11:45 Individual special ed. student catch-up	11:30–11:45 Individual special ed. student catch-up	11:30–11:45 Individual special ed. student catch-up	11:30–11:45 Individual special ed. student catch-up	11:30–11:45 Individual special ed. student catch-up
11:45–12:35 Small-group math	11:45–12:35 Small-group math	11:45–12:35 Small-group math	11:45–12:35 Small-group math	11:45–12:35 Small-group math
12:35–1:05 Small-group writing	12:35–1:05 Small-group writing	12:35–1:05 Small-group writing	12:35–1:05 Small-group writing	12:35–1:05 Small-group writing
1:05–1:20 Break	1:05–1:20 Break	1:05–1:20 Break	1:05–1:20 Break	1:05–1:20 Break
1:20–1:40 Title I prep	1:20–1:40 Title I prep	1:20–1:40 Title I prep	1:20–1:40 Title I prep	1:20–1:40 Title I prep
1:40–2:30 First grade Title I reading/math	1:40–2:30 First grade Title I reading/math	1:40–2:30 First grade Title I reading/math	1:40–2:30 First grade Title I reading/math	1:40–2:30 First grade Title I reading/math
2:30–3:00 Title I lesson planning	2:30–3:00 Title I lesson planning	2:30–3:00 Title I lesson planning	2:30–3:00 Title I lesson planning	2:30–3:00 Title I lesson planning
3:00–3:30 Title I student learning plan follow-up	3:00–3:30 Bus duty	3:00–3:30 Title I student learning plan follow-up	3:00–3:30 Bus duty	3:00–3:30 Title I student learning plan follow-up

Procedure 905 Documenting Salaries and Wages

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