Frequently Asked Questions
COVID-19 Time and Effort Requirements for
Federal Education Programs

1. Are local educational agencies (LEAs) required to maintain time and effort records for salaries and wages charged to federal grant programs during the COVID-19 emergency? And, what would those records look like?


Time and effort records are required to be maintained in accordance with Title 2, Code of Federal Regulations (2 CFR), sections 200.403 and 200.430 in order for salaries and wages to be allowable under all federal grant programs. Specifically, charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. The time and effort records must:

- Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which employee is compensated;
- Encompass all activities (federal and non-federal);
- Comply with established accounting policies and practices; and
- Support distribution among specific activities or cost objectives.

Budget estimates or percentages determined before the services are performed alone do not qualify as support to federal awards.

Furthermore, an LEA must also maintain appropriate records and cost documentation as required by 2 CFR sections 200.302 (financial management), 200.430(i) (standards for documenting personnel expenses), and 200.333 (retention requirements for records) to substantiate compensation costs charged to federal programs related to interruption of operations or services.

For example, if an LEA is closed and employees are unable to work, the time and effort records should reflect that the employee was on an authorized absence. In accordance with 2 CFR Section 200.431, authorized absences may be an allowable cost of the federal program provided that the cost is reasonable and all of the following criteria are met: (1) The leave is provided under established written leave policies; (2) the costs are equitably allocated to all related activities, both federal and non-federal; and (3) the accounting basis is consistently followed for both federal and non-federal funds.
2. **May we continue to pay the compensation of an employee paid with federal grant funds during the period the employee is unable to work because his or her organization is closed due to COVID-19?**


Generally, a LEA may continue to charge compensation, including but not limited to salaries, wages, and fringe benefits, of its employees who are paid by federal funds. In order to be allowable, the costs must be consistent with the LEA’s written policies and procedures for paying compensation under expected or extraordinary circumstances, and must be equitably allocated to all related activities and funding sources, both federal and non-federal. If an LEA does not currently have a policy in place that addresses extraordinary circumstances such as those caused by COVID-19, the LEA may amend or create a policy in order to put emergency contingencies in place for federal and non-federal similarly situated employees.

The LEAs must also maintain the appropriate records and cost documentation in accordance with federal requirements, as noted in the previous question.

3. **Are LEAs required to maintain time and effort policies and procedures?**


The USDE has determined that time and effort policies and procedures are essential to implementing an effective time reporting system. Specifically, LEAs should develop and implement instructions for:

1. The completion of time and attendance reporting;
2. The required approval cycle;
3. The processing of personnel charges to federal awards; and
4. The internal review process established to ensure effective internal control over the federal award.

The policies and procedures should provide sufficient detail to permit an understanding of how the system will operate from the point of time worked to the point the time is recorded in the accounting records and charged to federal awards.
4. Is there any guidance or templates on what the time and effort policies and procedures should look like for these extraordinary circumstances?

Each LEA must develop policies and procedures that meet their own unique needs, including new or modified processes implemented during the COVID-19 emergency period. The California Department of Education does not have policy and procedure templates for LEAs to follow. However, some of the questions to consider when updating time and effort policies and procedures to address how the school is operating during this emergency situation are as follows:

- Are all new or modified processes implemented during the COVID-19 emergency period documented by revising an existing policy or procedure or developing a new procedure?
- Do the new or modified processes meet the requirements of 2 CFR sections 200.403, 200.430, 200.431, and any other related requirements the LEA is required to follow?
- Will staff be able to perform their job from home?
- How will you handle part-time versus full-time versus hourly staff?
- How will you handle short-term versus long-term closures?
- What will time and effort documentation look like?
- Do you have sample templates for your employees?
- How will employees be required to submit their time and effort records?
- What type of supervisory review will be performed of the time and effort documentation?
- What controls are in place to ensure the salaries or wages are charged accurately?
- What happens if job duties must change due to workload shift?
- What documentation do you have to support that the salaries or wages are allocable to the federal program (i.e. updated duty statements for the emergency situation)?
- What type of reconciliation process will you have for changes or corrections?
- Will you be offering paid leave to your employees?
- Do you have an established policy for the paid leave in accordance with Title 2 CFR Section 200.431?
- What documentation will you have to support the approved leave?
- How long will these new procedures be in place?