



North Carolina Pandemic Recovery Office (NCPRO)

Technical Assistance Training
November 19, 2025

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Time and Effort

Agenda

1 Introduction to Time and Effort

2 Requirements and Guidelines

3 Cost Objectives

4 Leading Practices

5 Common Observations

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7 Q and A Session



Introduction to Time and Effort

1

What is Time and Effort?

“Time and effort” refers to the **documentation** and **procedures** used to track and verify the work performed by employees whose salaries are **fully or partially funded by federal grants**. Under 2 CFR 200 (Uniform Guidance), these practices fall under **internal controls** and **payroll cost principles** that support compensation charged to federal awards as accurate, allowable, and properly supported.

2

Why is tracking time and effort of staff important?

Time and effort records and related processes provide evidence that salaries and wages charged to federal awards reflect the work performed. They support **transparency, accountability, and compliance** with applicable state and federal requirements and organizational policies, while **strengthening internal controls** and **reducing the risk of fraud, waste, and misuse of public funds**.





Requirements and Guidelines



Time and Effort Standards

Key provisions under 2 CFR Part 200 and 09 NCAC 03M.

Categories	2 CFR 200	Key Takeaways
Compensation Standards	2 CFR § 200.430(a)—(f)*	Compensation must be allowable (2 CFR § 200.403), reasonable (2 CFR § 200.404), consistent with relevant laws and regulations, adhere to the organization's written policies, and exclude unallowable costs.
Documentation Standards	2 CFR § 200.430(g)(1)*	Salaries and wages charged to Federal awards must be supported by records that accurately reflect the work performed (e.g., work records)—not on budget estimates alone.
Internal Control	2 CFR § 200.430(g)(1)(i)* 2 CFR § 200.430(g)(1)(vii)(C)*	Records must be supported by internal controls (2 CFR § 200.303) to confirm accuracy, allowability, and proper allocation, with periodic reviews. Regularly check records for accuracy and proper allocation.
Integrated Records	2 CFR § 200.430(g)(1)(i)-(iv)*	Records must reflect total compensation for all activities and be part of the official accounting system.
Budget vs. Actuals	2 CFR § 200.430(g)(1)(vii)*	Budget estimates can be used for temporary accounting of Federal awards if they accurately represent activities. Update records for major changes and review them regularly to verify charges are correct.
Fringe Benefits	2 § CFR 200.431 *	Fringe benefits can be counted as expenses if they are reasonable, required by law, included in an agreement between the organization and employee, or described in the organization's written policies. These benefits must be given out and recorded fairly and consistently, following standard accounting rules.
Record Retention	2 § CFR 200.334—.338 09 NCAC 03M .0202	Retain all SFRF reports, accounting records, and related documentation that support the allowable expenditure of State funds for five years from the end of the grant agreement, or until all monitoring, audits, litigation, and claims are resolved—whichever occurs later. Make all such records available for review.

*These provisions **do not apply** to Revenue Replacement unless adopted in internal policy.

Key Elements of Accountability

All compensation charges must meet a set of established standards of accountability.

Internal Control

Confirm compensation decisions are **authorized**

- Assign **clear roles** and **responsibilities** for compensation approval.
- Apply **written compensation policies** consistently across funding sources.
- Prevent **unsupported or duplicate charges** through periodic review.
- Support compliance with **financial management** and **internal controls** requirements under §§ **200.302 and 200.303**.

Record-Keeping

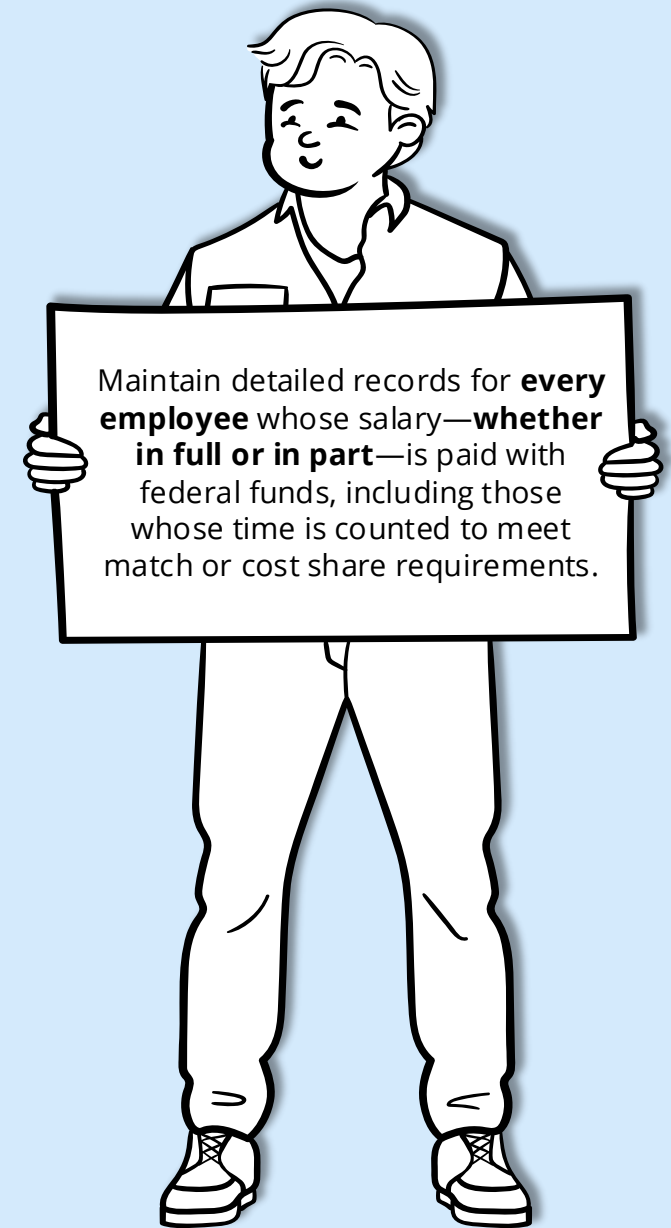
Document the **purpose** and **basis** of compensation.

- Maintain payroll records, job descriptions, and board or council actions.
- Demonstrate that compensation is based on more than time. Keep detailed records of **hours worked** and **activities performed**.
- Align charges with **budgeted positions** and **approved roles**.
- Support compliance with **allowability** and **reasonableness** requirements under §§ **200.403 and 200.404**.

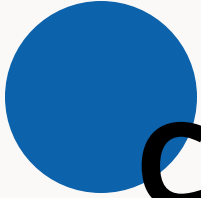
Record-Retention

Retain **evidence** to support payroll decisions over time.

- Comply with **09 NCAC 03M .0202** by retaining reports, records, and documentation for **five years** after grant end or until monitoring, audits, litigation, and claims are resolved (whichever is later).
- Adhere to **local retention schedules** for personnel and financial records.
- Confirm records are **accessible** for audits, inquiries, or public records requests.



Maintain detailed records for **every employee** whose salary—**whether in full or in part**—is paid with federal funds, including those whose time is counted to meet match or cost share requirements.



Cost Objectives



Cost Objectives

Understanding single cost versus multiple costs objectives.

- A **cost objective** refers to a “program, function, activity, award, organizational subdivision, contract, or work unit” for which cost data is collected and reported. It defines the purpose of the work, not the funding source itself.

Single Cost Objective

Cameron's Document

10/17	Coordination	8 Hrs.
10/18	Coordination	8 Hrs.

Funded by RR and CRF

A **single cost objective** means an employee is assigned to one unified purpose—even when that purpose is supported by multiple federal funding sources.

- Example:** A Public Health Coordinator—funded by both SFRF Revenue Replacement and the Coronavirus Relief Fund—coordinates **public health operations**.

Multiple Cost Objective

Taylor's Document

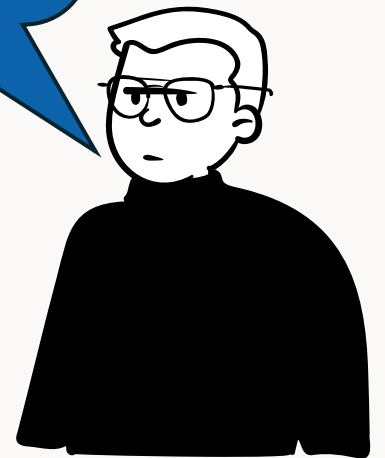
10/17	SFRF Trainings	4 Hrs.
10/17	FEMA Oversight	4 Hrs.
10/18	SFRF Trainings	6 Hrs.
10/18	FEMA Oversight	2 Hrs.

Funded by RR and FEMA

A **multiple cost objective** applies when an employee is assigned to two or more distinct purposes.

- Example:** A Program Specialist—funded by both SFRF Revenue Replacement and a FEMA grant—allocates time between two distinct responsibilities: **professional development training** and **oversight activities**.

Having more than one funding source does not automatically mean there are multiple cost objectives. Employees must split and track their time separately only when their work supports different program purposes or requires separate reporting.



Documentation Methods

Charges to Federal awards must be supported by documentation that accurately reflects the work performed and the employee's total compensated activity. The documentation format should align with relevant cost objectives and organizational policies, with records maintained in a consistent, reliable manner over time.

Policies, Procedures, and Documentation Standards



Policies and Procedures

- Define what constitutes a **single** and **multiple cost objective** in your organization's policies.
- Establish documentation standards that meet 2 CFR 200.430(g)(1)* requirements.
- Document time and effort procedures—including an internal review and approval process.



Payroll and Personnel Records

- Use official payroll systems as the definitive source for all compensation data.
- Record the source of federal funding for each position to support proper cost allocation.
- Confirm records reconcile with the general ledger.



Documentation Standards

- All salaries and wages charged to Federal awards must be supported by records that accurately reflect work performed.
- When employees work on multiple cost objectives, records must support the distribution of salaries and wages.
- Systems must include internal controls assuring charges are accurate, allowable, and properly allocated.



Supporting Documentation

- Maintain records that comply with established accounting policies and practices.
- Update documentation when employee cost objective assignments change to confirm records reflect the work performed.
- Establish processes confirming personnel records integrate with cost allocation and payroll distribution systems.

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Documentation Methods

Charges to federal awards must be supported by documentation that accurately reflects the work performed and the employee's total compensated activity. The documentation format should align with relevant cost objectives and organizational policies, with records maintained in a consistent, reliable manner over time.

Single Cost Objective



Maintain official payroll and personnel records—such as compensation details, appointment letters, salary authorizations, as well as records of personnel actions—that are incorporated into the recipient's or subrecipient's official records, in compliance with § 200.430(g)(1)(ii)*.



Keep records verifying that employees have completed their assigned tasks—such as supervisor confirmations, project reports, or copies of completed deliverables.



Distribution records (e.g., certifications, allocation timesheets) are **not required** for employees on a single cost objective per § 200.430(g)(1)* unless required by the funding agency or your organization's internal policies.

Multiple Cost Objectives



Documentation must include all records required for single cost objectives, plus **distribution records** per § 200.430(g)(1)(vi)* supporting how salary and wages were allocated among the different cost objectives and activities.



Common methods are **timesheets, personnel activity reports, and other activity logs**. Additional methods involve certifications and budget estimates with subsequent adjustments. Records may show categories as a percentage distribution of total activities per § 200.430(g)(1)(viii)*.



States, local governments, and Indian Tribes may use **alternative systems**—such as random moment sampling—either in place of or alongside common methods, with approval from their cognizant agency for indirect costs.

- Charges for nonexempt employees—such as hourly or part-time employees—must be supported by **accurate records of hours worked**. Documentation should include **daily timesheets** or **electronic time entry logs** detailing actual hours worked each day. If employees work on multiple grants or projects, their records must specify the hours worked for each funding source or assignment.

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Leading Practices



Implementing Leading Practices

Prepare Regularly 	Reflect Actual Work 	Employ Payroll Systems 	Preserve for Audits 
Keep documentation current through periodic reconciliations and supervisory reviews.	Check and confirm payroll charges align with real, authorized work — not budget estimates.	Use official, approved systems for payroll documentation.	Retain all records to support organizational, state, and federal reviews.

Common Observations



Common Observations and How to Address Them

OBSERVATION	 No Time and Effort Policies
REGULATORY GUIDANCE	09 NCAC 03M .0202 2 CFR § 200.430(a)* — General
RISK	Failure to establish and implement effective policies and procedures for time and effort documentation requirements can result in instances of non-compliance, errors, inadequate management of federal funds, or loss of grant funding.
RECOMMENDED ACTION	Document and maintain all time and effort records (i.e., certifications, personnel activity reports, timesheets, and other activity logs) for employees claimed against the federal award.
NEXT STEPS	The entity should establish and implement policies and procedures aligned with federal and state guidelines to verify documentation is maintained for the salaries and wages of each employee charged to the federal award.

OBSERVATION	 No Payroll Information
REGULATORY GUIDANCE	09 NCAC 03M .0201 2 CFR § 200.302(a) — Financial Management 2 CFR § 200.334 — Record Retention 2 CFR § 200.430(g)* — Documentation Standards
RISK	Failure to track and monitor the payroll expenses associated with federal funding could lead to unallowable activities charged against the grant.
RECOMMENDED ACTION	Retroactively record and maintain complete payroll registers and reports for salaries and wages charged to the federal award. Implement policies and procedures that allow for payroll expenses to be tracked at the employee detail level and include the breakout of pay types, title and activities performed.
NEXT STEPS	The entity should support the use of federal funds for salaries and benefits with payroll documentation that outlines the employee's name, payment period, salary and benefit amounts, and other relevant information.

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**It's time for a
Knowledge Test!**



**Time and
Effort**

Question #1

Which of the following statements is **true** about revenue replacement projects?

- a) These projects must follow all time and effort documentation requirements outlined in 2 CFR 200.430.
- b) These projects are exempt from 2 CFR 200.430, but they must still maintain verifiable payroll records.
- c) These projects are exempt from all federal, state, local, and internal time and effort requirements.
- d) These projects must charge payroll based on budgeted estimates rather than actual hours worked.



Question #1

For a State Fiscal Recovery Fund (SFRF) Revenue Replacement project that is also partially funded by another federal grant, 2 CFR 200.430 does not apply.

- a) True
- b) False



Q+A Session