

**2016 MCSAP Planning Meeting &  
Grants Management Training  
March 30-31, 2016  
Marriott St. Louis Grand Hotel**



# Compensation - Personal Services

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## Regulatory Authority

- 2 CFR §§200.402-407
- 2 CFR §§200.430-431
- Council on Financial Assistance Reform (COFAR)  
FAQs Sept 9, 2015
- FMCSA Policy 4610.2 (salary cap; for amounts see <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/>)



# Fundamentals

In order to bill costs to a Federal award all of the following conditions must be met:

- **Allowable** – Compensation is allowable under 2 CFR §200.430]; must be included in the approved budget
- **Reasonable** Must meet the “Prudent Person” standard [2 CFR §200.404]
- **Allocable** – Duties and tasks undertaken must benefit the Federal award [2 CFR §200.405]
- **Documented** - If federal funds are used for salaries, then time distribution records are required. [2 CFR §200.430(a)(3) and elsewhere]



# Fundamentals - Allowable Costs

## Standards ---

Compensation is allowable under 2 CFR §200.430. In addition, salary and wage costs charged to MCSAP awards **must** be included in the approved budget.

- Cost projections should include cost of living adjustments, raises, longevity, etc.
- Activities must clearly tie to goals & objectives stated in the proposal



## Fundamentals - Reasonable Costs

Reasonable is defined as what a prudent person would do under a given set of circumstances.

- “Reasonable” salary/wage & fringe costs are generally determined by the prevailing wage standard
- Varies from state to state, region to region (OPM Salary Schedule demonstrates this very clearly)
- Cost must be necessary to achieve the stated outcomes of the proposal/project



## Fundamentals - Cost Allocation

What is cost allocation? Allocating costs means taking 100% of a cost and assigning portions of it to projects, funding sources, programs, etc., based upon relative benefit received.

- ❑ Example: A full time Highway Patrol Officer works 75% annually on MCSAP activities. His/her salary is charged 75% to MCSAP funding sources.
- ❑ “Cost follows the person” – non-specific ancillary costs are usually billed in the same proportions as salary costs (supplies, eqpt, non-specific travel)



## Fundamentals - Documentation

**Q:** Who must document their Federally funded T&E activities?

**A:** All employees whose salaries are paid in whole or in part from Federal funds [2 CFR § 200.430(i)(i)]; **and** all employees whose salaries are used to meet a match/cost share requirement [2 CFR § 200.430(i)(iv)].



**Biweekly Payroll Timesheet**

*Use: Be sure to include your payroll account  
below*

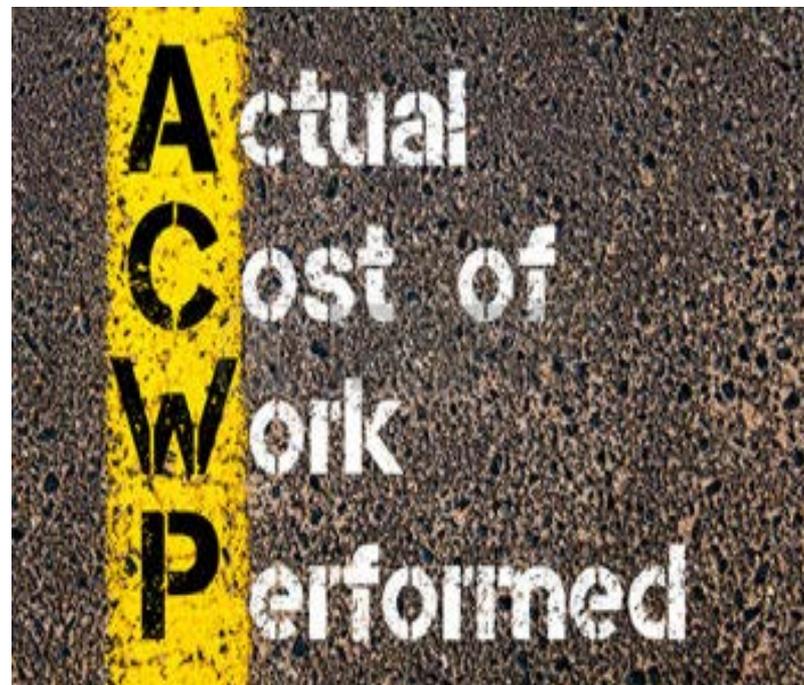
Pay Period Be



## Documentation of Time and Effort

### Standard ---

Charges for salaries must be based on records that accurately reflect the work performed [2 CFR §200.430(i)]. These records are commonly referred to as personnel activity reports (PAR).



## Documentation of Time and Effort (cont'd)

These PAR records must:

- Be supported by a system of internal controls which provide reasonable assurance that charges are accurate, allowable and properly allocated
- Be incorporated into official records
- Reasonably reflect total activity for which employee is compensated (not to exceed 100%)
- Encompass all compensated activities
- Comply with grantees' accounting policies and practices



## Documentation of Time and Effort (cont'd)

### These records must:

Encompass **both federally assisted** and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; and comply with the established accounting policies **and** practices of the non-Federal entity.



## Documentation of Time and Effort (cont'd)

These records also must track:

- Federal and non-Federal activities;
- indirect cost activities and direct cost activities;
- two or more indirect activities which are allocated using different allocation bases; and
- unallowable activities

**GRANTS**  
NON- GRANTS

**DIRECT**  
123RF  
**INDIRECT**



## Documentation of Time and Effort (cont'd)

Budget estimates (*i.e., estimates determined before the services are performed*) **alone** do not qualify as support for charges to Federal awards, but may be used for **interim** accounting purposes, provided that:



## Documentation of Time and Effort (cont'd)

- (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
- (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner.



## Documentation of Time and Effort (cont'd)

Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and



## Documentation of Time and Effort (cont'd)

C) The non-Federal entity's system of internal controls includes processes to **review after-the-fact interim charges** made to a Federal awards **based on budget estimates**.

All necessary adjustment must be made such that the **final amount** charged to the Federal award is accurate, allowable, and properly allocated.



## Documentation of Time and Effort (cont'd)

Salaries and wages of **employees used in meeting cost sharing or matching requirements** on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.



## Documentation of Time and Effort (cont'd)

For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards *may be used* in place of or in addition to PARs



## Documentation of Time and Effort (cont'd)

**...if approved by the cognizant agency for indirect cost.** Such systems may include, but are not limited to, random moment sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed.



## Documentation of Time and Effort (cont'd)

Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented.



## Documentation of Time and Effort (cont'd)

For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies.



## Documentation of Time and Effort (cont'd)

In these instances, the non-Federal entity must submit a **request** for waiver of the requirements based on documentation that: **a)** describes the method of charging costs; **b)** relates the charging of costs to the specific activity that is applicable to all fund sources; and, **c)** is based on quantifiable measures of the activity in relation to time charged.



## Documentation of Time and Effort (cont'd)

For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government **may require personnel activity reports**, including prescribed certifications, or equivalent documentation that support the records as required in this section.



## Documentation of Time and Effort (cont'd)

Organizations that are already utilizing PARs **may not want to change systems** if the use of these are well-established & working well.



## Documentation of Time and Effort (cont'd)

There are several formats that can be used and the OMB circular does not mention any preference but it must comply with the 'after the fact' development of the PARs, and that the application allocates salary and fringe cost to the benefiting grant or other funding source.



## Documentation of Time and Effort (cont'd)

**Meeting PAR requirements does not require a complex data system.**

In many instances, an Excel spreadsheet can be utilized to provide the basic data required.



# Documentation of Time and Effort (cont'd)

DAILY PAYROLL ACTIVITY REPORT/TIME STUDY REPORT - DATE: 04/04/2016							
NAME OF EMPLOYEE: Ben Strong - Commander							
Time	MCSAP Basic & Incentive	Border Enforcement Grant	New Entrant	MCSAP High Priority	CVISN	PRISM	Other Sources Benefiting
AM - 7:00							
7:30	0.5						
8:00	0.25		0.25				
8:30					0.5		
9:00							
9:30					1		
10:00			0.5				
10:30		0.5					
11:00							
11:30				1			
PM - 12:00	0	0	0	0	0	0	0
12:30	0.5						
1:00		0.5					
1:30							
2:00							
2:30							
3:00							
3:30							
4:00	2.5						
4:30							
5:00							
5:30							
6:00							
6:30							
7:00							
<b>Total Hours By Grant</b>	<b>3.75</b>	<b>1</b>	<b>0.75</b>	<b>1</b>	<b>1.5</b>	<b>0</b>	<b>0</b>



# Documentation of Time and Effort (cont'd)

Day of the Week	Date	MCSAP Basic & Incentive	Border Enforcement Grant	New Entrant	MCSAP High Priority	CVISN	PRISM	Other Sources Benefiting
Sunday	4/3/2016							
Monday	4/4/2016	3.75	1	0.75	1	1.5	0	0
Tuesday	4/5/2016	5	0	1	0	2	0	0
Wednesday	4/6/2016	8	0	0	0	0	0	0
Thursday	4/7/2016	7	0	1	0	0	0	0
Friday	4/8/2016	6	0.5	1	0	0.5	0	0
Saturday	4/9/2016							
Sunday	4/10/2016							
Monday	4/11/2016	5	0	1	0	1	1	0
Tuesday	4/12/2016	7	0	1	0	0	0	0
Wednesday	4/13/2016	6	0	1	0	1	0	0
Thursday	4/14/2016	8	0	0	0	0	0	0
Friday	4/15/2016	7	0	1	0	0	0	0
Saturday	4/16/2016							
Total Payroll Hours Per Grant		62.75	1.5	7.75	1	6	1	0
Ben Strong % Per Grant		0.7844	0.0188	0.0969	0.0125	0.075	0.0125	0
Total Wages:	\$4,000	\$3,137.50	\$75.00	\$387.50	\$50.00	\$300.00	\$50.00	\$0.00



# Questions



## Contact Information

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