# Question and Answer Transcript

Follow-up to the December 7, 2011 webinar on:
Proper Management of Federal Grants - Support of Salaries and Wages

<table>
<thead>
<tr>
<th>Acronyms used in the Questions and Answers (alphabetical order)</th>
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<tbody>
<tr>
<td>ARRA – American Recovery and Reinvestment Act of 2009</td>
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<td>CFO – Chief Financial Officer</td>
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<td>CFR – Code of Federal Regulations</td>
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<td>CPG – Consolidated Payments Grant</td>
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<td>DHHS PMS – Department of Health and Human Services Payment Management System</td>
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<td>FAR – Federal Acquisition Regulations</td>
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<td>FFR – Federal Financial Report</td>
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<td>FTP – File Transfer Protocol, e.g., FTP site</td>
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<td>NGO – Non-Government Organization</td>
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<td>NICRA – Negotiated Indirect Cost Rate Agreement</td>
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<td>NRM – Natural Resource Manager (a Forest Service Grants &amp; Agreement database)</td>
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<td>OIG – Office of Inspector General</td>
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<td>OMB – Office of Management &amp; Budget</td>
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<td>PAR – Personnel Activity Report</td>
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<td>RAC – Resource Advisory Committee</td>
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<td>SF – Standard Form, e.g., SF-425</td>
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<td>T&amp;E – Time and Effort</td>
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<td>USDA – United States Department of Agriculture</td>
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<td>USFS – United States Forest Service</td>
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<td>Category</td>
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<td>Salary - Match</td>
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| **Salary - Match (cont.)** | #8 | **Does the 10% budget flexibility apply to the match portion of the federal grant budget?**
Grantees are permitted to rebudget within the approved direct cost budget to meet unanticipated requirements. The grant recipient can shift budgeted amounts between different budget line items without prior approval from the Forest Service as long as the cumulative changes are less than 10 percent of the total approved budget (grant + match); however, in no circumstances can the budget exceed the federal grant award. Any modification to the budget that would result in the need for additional funding must be approved in advance through a formal modification to the federal grant. |
| #9 | **Can a less than the full amount be charged to the federal grant?**
Yes, as long as the total salary is supported as required. Also, you may use the remaining amount toward your match if you wish. However, that match can only be claimed if/when the employee is working on the federal grant and the employee's time and salary charges are supported by a PAR. |
| #10 | **Do you still need to track your time if you have met all obligations on a federal grant but you still have work to do on it?**
It would not hurt. For example, if you had a situation where a portion of your match was unallowable for some reason, and you had kept track of salaries throughout the life of the federal grant, then you may be able to use other salaries supported by PARs to replace the disqualified match. |
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<th>Salaried employees</th>
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<td>We have salaried exempt employees who are paid a set amount each pay period (they do not receive overtime for hours worked over their standard hours.) To budget for the federal grant they take their set salary divided by their standard hours. However, if they work more than their standard hours they cannot charge their number of hours by the budgeted per hour rate. They have to take their set amount divided by the actual hours they worked, which if it is more than their standard hours becomes less. If they charge the grant the number of hours times the budgeted rate they would be overcharging the grant because the employee did not receive additional pay for the additional hours worked (because they are exempt employees.) We tell our exempt staff they have to think about it in terms of percentage of time not hours. This has caused a lot of frustration because the employee doesn’t like seeing their time is worth less and our program managers because they think they can charge the budgeted rate (because the grantor approved the budget) and feel they are missing out on funds but I think this is the only way we can ensure we are not overcharging grantors. Is that correct?</td>
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Your procedures for tracking, recording and documenting time and attendance must be in compliance with the Cost Principles applicable to your organization. If your current procedures are in compliance and you ensure that your organization is not over charging the Forest Service, you do not need to make any changes based on the Forest Service audit. It is correct to think about it in terms of percentage of time and not hours. The PAR captures all of the hours an employee works and should be used to determine the percentage of time an employee worked specifically on federal grant-funded activities. The percentage of time the employee works on the federal grant (whether the percentage is based on 40 hours, 60 hours, 80 hours, etc.) is the percentage of the employee's PAID (or will be paid) salary that can be charged to the federal grant. Also, a federal grant can only be charged for amounts actually PAID; therefore, it would not be correct to charge a budgeted rate to the total hours worked since this would not reflect the amount actually paid for the work.
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<th>Salaried employees (cont.)</th>
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<td><strong>If you work more than the scheduled number of hours in your pay period and are on salary, does that lower your hourly rate that can be charged, especially if you are an exempt salaried employee and do not receive overtime?</strong> Let's say your pay period is 35 hour per week, and you work 70 hours in a given week, does that mean your salary is worth 1/2 of normal? Say you make $20/hour (salaried with no overtime) and you work twice as many hours in a week, is your time then only worth $10/hour?</td>
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<td>Salary charges to Forest Service grants must be based on actual expenses, rather than on budgeted expenses. The completion of the PAR is needed to capture all of the hours actually worked (for hourly employees) and/or the percentage of time worked (for salaried employees). The PAR supports the portion (percentage) of the employee's time that was worked on the federal grant and, correspondingly, the portion of the employee’s salary that can be charged to the federal grant. The federal grant should be charged for the overall portion of time the hourly employee, or salaried employee, worked on the federal grant, as represented in the PAR. For the example above: A salaried employee is paid $500 week (based on a 35 hour week). However, sometimes the salaried employee works 70 hours in a week. The salaried employee’s pay does not change even though they work more hours. That is, they are still paid $500 per week, regardless of whether they work 35 hours or 70 hours. The PAR must reflect the percentage of time, each week, that the employee worked on the federal grant. So, if the salaried employee works 35 hours in a week where they spend 17.5 hours working on the federal grant (50% of his time) and 17.5 hours working on non-grant projects (the other 50% of his time), then the salaried employee would charge 50% of his weekly salary to the federal grant ($250 or 50% x $500). If, on the other hand, the salaried employee works 70 hours in a week with 17.5 hours on the federal grant (25% of the employee's entire time) and 52.5 hours on non-grant work (75% of the salaried employee’s time), then the salaried employee would charge 25% of his $500 salary to the federal grant because he spent 25% of that week working on the federal grant.</td>
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<td>If, conversely, the salaried employee were to base the federal grant charges on the number of hours he worked on the federal grant (rather than the portion of his salary week he spent working on the grant), the salaried employee would actually overcharge the federal grant, which is not allowed.</td>
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<td>Employees paid by the hour would record their time and charge the federal grant a bit differently. Hourly employees are paid for every hour they actually work. If they work 35 hours in a week on federal grant activities, they are paid for and charge the federal grant for 35 hours. Likewise, if they work 70 hours in a week on federal grant activities, they are paid for and charge the federal grant for 70 hours (as long as appropriate procedures and authorizations for overtime are followed).</td>
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| Salaried employees (cont.) | #13 | If the employee is paid based upon a fixed salary amount and works 100 hours but is only paid for 80 hours based upon the fixed salary amount, can the federal grant be charged the additional 20 hours? If the federal grant is a cost reimbursable, does this make a difference?  
The fact that the federal grant is reimbursable does not make a difference in salary calculations. Please refer to the answers to Questions #11 and 12. |
| #14 | How does this work with people that are paid with a salary instead of hourly, so the person gets paid the same amount regardless of hours worked? In this case, does the person have to keep a timesheet?  
Salary charges to Forest Service grants must be based on actual expenses, rather than on budgeted expenses. Therefore, a PAR must be maintained to capture all of the hours actually worked. The PAR supports the portion (percentage) of the employee's salary that can be charged to the federal grant. Please refer to the answers to Questions #11 and 12. |
| #15 | If the person is budgeted for 50% but they actually work 75%, should we show the over budget?  
The salary amounts in the approved budget are only estimates. Grantees should charge actual salary expenses to the grant. Grantees are permitted to rebudget within the approved direct cost budget to meet unanticipated requirements. The grant recipient can shift budgeted amounts between different budget line items without prior approval from the Forest Service as long as the cumulative changes are less than 10 percent of the total approved budget (grant + match); however, in no circumstances can the budget exceed the federal grant award. Any modification to the budget that would result in the need for additional funding must be approved in advance through a formal modification to the federal grant.  
Remember, the completion of the PAR is needed to capture all of the hours actually worked. The PAR supports the portion (percentage) of the employee's time that was worked on the federal grant and, correspondingly, the portion of the employee's salary that can be charged to the federal grant. The federal grant should be charged for salary paid (or will be paid) that is supported by PARs. Therefore, the PAR is the basis for the percent of the salary that can be charged to the federal grant (regardless of the number of hours worked). The amount actually charged to the federal grant should be based on the amount paid for the work performed and NOT the budgeted amounts. If an employee works more than originally estimated (i.e. budgeted) then that amount can still be charged to the federal grant as long as it has been PAID (or will be paid) and is supported by a PAR. |
| Salaried employees (cont.) | #16 | It is common for employees in non-profits, especially leaders, to work 50, 60, or 70 hours in a week without any additional pay or any compensatory time. If a full-time exempt employee with a nominal 40 hour week works 20 hours on a Forest Service grant and 40 hours on other projects, with respect to vacation accrual, is that 50% effort to the Forest Service grant or 33%? If the latter, it effectively reduces the person's hourly rate. If the latter, it reduces the value of the vacation accrual and increases the cost of vacation to the organization that benefits from its leader's commitment to working more than 40 hours. It's not about hours that fluctuate from week to week, it's about someone who consistently works more than 40 hours. It's not about the hourly rate going down. You can't administer salaried people and let their rate go down every time they work over 40 hours to get the job done.

Please refer to the answers to Questions #11 and 12. The questioner also states that "You can't administer salaried people and let their rate go down every time they work over 40 hours to get the job done." However, the salaried employee's rate is not going "down every time they work over 40 hours." The employee is getting paid the same amount, week after week, regardless of the hours they actually work. The only "rate" going "down" is the amount of salary the organization is charging to the grant. As cited in response to an earlier question, the employee's salary should be charged to the federal grant based on the percentage of total time they spent working on the federal grant. |
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| #17 | I work 60 hours on federal grants in a week and my time is charged to each particular federal grant. As a salaried employee, I only get paid for 40 hours per week. Is it a correct to assume that I can charge for the value of the 20 hours over, because the federal grant benefitted from those 20 hours spent?

That is not a correct assumption because the federal grant can only be charged for the amount PAID. In the example above, if the employee works 60 hours a week on several federal grants, and works 20 hour on a particular federal grant (33%), they can charge 33% of their PAID salary to the federal grant. If the employee charged 20 hours to the federal grant and uses some predetermined hourly rate, then that process would overcharge the federal grant because the percentage of the employee's PAID salary charged to the federal grant (say 50%) would not equal the percentage of time the employee spent working on the federal grant. Please refer to the answers to Questions #11 and 12. |
| **Salaried employees (cont.)** | #18 | Do we give a best estimate for fringe benefits if we have multiple federal grants and multiple years?  
Grant recipients can make a best estimate of fringe benefits when they create budgets for their grant application. However, once a federal grant is awarded, fringe benefits must be based on actual charges incurred by the organization and supported by documentation. Also, fringe benefits can only be charged to the federal grant if they conform to your organization's established written policy on fringe benefits, are equitably allocated to all related activities, and are treated consistently between federal grant and non-federal activities. Finally, keep in mind that grant recipients are permitted to rebudget within the approved direct cost budget to meet unanticipated requirements. The grant recipient can shift budgeted amounts between different budget line items without prior approval from the Forest Service as long as the cumulative changes are less than 10 percent of the total approved budget (grant + match); however, in no circumstances can the budget exceed the federal grant award. Any modification to the budget that would result in the need for additional funding must be approved in advance through a formal modification to the federal grant. |
| **Benefits/Leave** | #19 | How are sick leave hours accounted for? If someone is 100% on one federal grant, will their sick hours be also covered under salary? If a person is working on multiple federal grants, can sick leave be allocated between the federal grants as salary? Would it be fringe benefits? So the real question is sick leave handled the same as annual leave?  
Fringe benefits include, but are not limited to, vacation leave, sick leave, and military leave, and are allowable provided that such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each. If you spend 100% of your time on one federal grant, your leave should be charged to that federal grant. If you work on multiple federal grants, your leave should be charged in proportion to the amount of time spent on each federal grant. For example, if you spend 30% of your time working on a particular federal grant during a pay period, 30% of your vacation or sick leave during the pay period should be charged to that federal grant. It would be INCORRECT to work 30% of your time on a federal grant and then charge 50% or 100% of your vacation or sick leave to that federal grant. |
| Benefits/Leave (cont.) | #20 | How does an employee account for paid vacation, sick time, or holiday time on their PAR? Is it true that leave time is allowable?  
Please refer to the Cost Principle applicable to your organization under the section "Support of salaries and wages." It explains in detail the procedures an agency should follow for recording time, including leave which is an allowable cost. Fringe benefits include, but are not limited to, vacation leave, sick leave, and military leave, and are allowable provided that such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each. If you spend 100% of your time on one federal grant, your leave should be charged to that federal grant. If you work on multiple federal grants, your leave should be charged in proportion to the amount of time spent on each federal grant. For example, if you spend 30% of your time working on a particular federal grant during a pay period, 30% of your vacation or sick leave during the pay period should be charged to the federal grant. It would be INCORRECT to work 30% of your time on a federal grant and then charge 50% or 100% of your vacation or sick leave to that federal grant. |
|---|---|---|
| #21 | What if leave (vacation) is included in the fringe benefits, can a recipient still invoice for actual vacation time in addition to fringe benefits being charged/invoiced?  
The recipient can never invoice the Forest Service twice for the same charge. If the recipient invoices the Forest Service for fringe benefits that already include vacation time (in this example), then the recipient CANNOT also invoice the Forest Service for vacation time separately because that would equate to the recipient being reimbursed twice for the same expense (once with the fringe benefit reimbursement and once with the invoice reimbursement), which is unallowable. |
| #22 | The definition of compensation in the webinar slide says "...compensation paid for services of employees rendered during the period of the award, including but not limited to wages, salaries, and fringe benefits." Can you provide examples of what else might or could be included in the compensation rate?  
The Cost Principles under the section "Compensation for personal services" goes into detail as to what is or is not included in the compensation rate. Please refer to the Circulars applicable to your organization. |
| #23 | If a full-time exempt employee with a nominal 40 hour week works 20 hours on a Forest Service grant and 40 hours on other non-grant projects, with respect to vacation accrual, is that 50% effort to the federal grant or 33%?  
The Cost Principles state that vacation time is allowable provided that such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each. If you work 40 hours a week with 20 hours on a Forest Service grants, the cost would be 50%. If you work 60 hours a week with 20 hours on a Forest Service grant, the cost would be 33%. |
| #24 | I’m a local government employee who spends 50% of my time on one federal grant, the remaining time is spent on other activities that are not grant-related. If I get 10 days of vacation/year, then can I charge 5 days of vacation to the federal grant? Do I record this on the PAR, and how?  
In your example, 50% of your vacation time should be charged to the federal grant and reflected on the PAR. It should be recorded as vacation time in accordance with the procedures your organization has established for recording and tracking time and attendance as established by 2 CFR 225 (formerly Circular A-87). |
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| #25 | How do we handle accrued vacation time?  
Vacation time should be charged to the federal grant only when actually used (not earned) and in accordance with your organization's policies and procedures. |
| #26 | We can track compensatory time as we earn it. How do we handle compensatory time taken in the future? Do we break it out in proportion to the time charged during the pay period like you suggest vacation and sick time be done?  
Compensatory time should be treated in the same manner as vacation time - it is only charged when actually used (not earned) and in accordance with your organization's policies and procedures. |
| #27 | We are a state agency that works on multiple federal grants and we treat our compensatory time as a pool like you have described for vacation, not as time accrued and taken specific to a federal grant. If this is a commonly accepted practice (for our agency) for all our federal grants and matching, is this acceptable for tracking our compensatory time?  
It is acceptable as long as your procedures are in compliance with the Administrative Requirements of A-102 as outlined in Subpart C, Financial Administration, Standards for financial management systems and with the Cost Principles of 2 CFR 225, Appendix B, Compensation for personal services. |
| #28 | If we have a salaried employee working exclusively under one federal grant, do we need to apply an indirect rate for vacation leave?  
No. If all of the employee's time was spent 100% on one federal grant, then it is not necessary to apply an indirect rate for vacation leave. Just account (properly document) for the amount of vacation actually taken and charge it to the one federal grant the employee was exclusively working on. |
| #29 | I am a consultant working part time with a Fire Safe Council. Do I have to record daily time for all of my clients as part of this record or just time related to the federal grant?  
More information is needed to accurately answer this question. Please contact the prime recipient for more direction on this. |
| #30 | If a full-time exempt employee with a nominal 40 hour week works 20 hours on a Forest Service grant and 40 hours on other projects, is that 50% or 30% effort to the Forest Service grant?  
The Cost Principles state that services rendered are allowable provided that such costs of the services are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each. If you work 40 hours a week with 20 hours on Forest Service grants, the cost would be 50%. If you work 60 hours a week with 20 hours on a Forest Service grant, the cost would be 33%. |
| #31 | What if you are working on similar or the same activities for annual grants - do you need to keep separate timesheets for each annual grant?  
You must separately track and account for the time you spend working on each grant. The manner of tracking should be in accordance with the applicable Circulars and your organization's policies and procedures. |
| #32 | Our employees document what activity they are doing on our timesheets, but they don’t total the time by federal grant/non-grant. That is done when payroll is processed. Is it acceptable to have them sign a summary page for the federal grant file or do you really want another copy of the timesheet in the federal grant file as well?  
Your procedures for tracking, recording, and documenting time and attendance should be in compliance with the Cost Principles applicable to your organization. Refer to the section on Compensation for personal services. |
| #33 | We have an electronic timesheet system, but it would take a great amount of time for employees working on multiple awards to log their hours daily. Can they just record their time using an excel worksheet and pool them on timesheet submission day?  
Your procedures for tracking, recording, and documenting time and attendance should be in compliance with the Cost Principles applicable to your organization. Refer to the section on Compensation for personal services. Most importantly, the PAR (in this case, an Excel spreadsheet), must accurately document the actual hours each employee works on each federal grant and non-grant activity. |
| #34 | We have approximately 15 subject matters experts (NGO & state government) providing approximately 50 hours of effort each over the life of the federal grant as a non-federal match. How should this be documented? It seems unreasonable that we'd need a full accounting of their time over the life of the federal grant.  
Time charged to a federal grant, whether used to match grant funds or charged directly to the grant, must be supported in the same way. The donated services of these 15 subject matter experts should be supported by the same methods used by your organization to support the allocation of regular personnel services. |
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<th>Recording (cont.)</th>
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<td><strong>If distribution changes from &quot;100% direct&quot; to &quot;multiple activities,&quot; does one begin using a PAR as of the date of that change?</strong></td>
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<td><strong>YES.</strong> Employees use PARs when they need to track the amount of time they spend working on different federal grants (or federal grant) and non-grant activities. If the employee is working 100 percent of the time on one federal grant, then they only have to sign a semi-annual certification stating that the 100% allocation is accurate and true. Once they start working on multiple federal grants and/or federal grant and non-grant activities, they begin filling out the PAR (or equivalent). 2 CFR 225 and 2 CFR 230 state that the PAR must be prepared at least monthly and must coincide with one or more pay periods. Educational Institutions should refer specifically to 2 CFR 220 for guidance.</td>
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| #36 |
| **I am paid 100% from federal grants. Sometimes I am paid from two federal grants, sometimes from three federal grants at a time. Can I be paid from two federal grants and yet do work on three federal grants? There is work from three federal grants, for example, an Urban Forestry grant still provides sub grants that must be supervised, but I am not being paid anything from the Urban Forestry grant.** |
| If you work on multiple grants from the Forest Service (or grants received from the Forest Service and other Federal agencies), the time you work on each federal grant should be charged to the individual federal grant. If you are not funded to work on the Urban Forestry grant, you cannot charge another Forest Service grant for the time spent on the Urban Forestry grant. For example, if over the period of a year, you earn $100,000 and spend 25% of your time doing Urban Forestry grant work, and yet charge the $25,000 portion of your salary to the non-Urban Forestry grants, that $25,000 charged to the two non-Urban Forestry grants is an unallowable cost and must be refunded by your agency to the Forest Service. If 100% of your salary is funded from two Forest Service grants, then you must spend, and document that you work 100% on those two federal grants. If you perform work on a third federal grant, then you should document the time spent, and charge all of the federal grants proportionately to the time spent. |

| #37 |
| **Is there a specific template that a for-profit organization should use to do an annual certification for 100% direct distribution?** |
| There is no federally approved template for recording time and attendance for the semi-annual certification. The financial procedures for a for-profit must be in compliance with 2 CFR 215 and 48 FAR 31. |
| **Recording (cont.)** | #38 | For a state agency with multiple federal grants (approximately 30 - 40 open federal grants), how should personnel that are not part of the indirect cost pool charge small increments of time, i.e.: 1 to 15 minutes in a given day? The state PAR only allows 30 minute increments of time. Even if we keep manual/hard copy records, how do we realistically track these small amounts of time?

If your financial procedures are in compliance with the Administrative Requirements of A-102 as outlined in Subpart C, Financial Administration, Standards for financial management systems and if your process for recording and tracking time are in accordance with the Cost Principles of 2 CFR 225, Appendix B, Compensation for personal services, you are not required to make any changes to track increments of time less than 30 minutes. In this scenario, the recipient should evaluate whether capturing these employees' time in the indirect costs would be more appropriate, especially when the small time increments (e.g., 5 minutes) are not readily assignable. |
| #39 | If payroll is every two weeks, do employees have to document hours daily?
The PAR can be completed or submitted every two weeks. However, it is best to record time daily to accurately capture actual hours worked. |
| #40 | If an organization has two or three federal grants at the same time, is it okay to just charge salary to one of them?
No. If you worked on multiple federal grants and charged your entire salary to a single federal grant (Grant A), then the difference between the amount of time you actually worked on Grant A and the amount of time you charged to Grant A would be disallowed. If you work on multiple grants from the Forest Service (or grants received from the Forest Service and other federal agencies), then the time you work on each federal grant must be documented on a PAR and the appropriate amount then charged to each individual federal grant. If 100% of your salary is funded from two Forest Service grants, and you spend 60% of your time working on one Forest Service grant, and 40% of your time working on the other Forest Service grant, then you must appropriately document on a PAR that you worked 60% and 40% on those two federal grants, respectively. If you perform work on a third federal grant, then you must document on the PAR the time you spent working on the third grant and charge the three federal grants proportionately to the time actually spent (for example, 30%, 50%, and 20% = 100%). |
| **Certification** | #41 | If all of our employees, including 100% Direct Employees, fill out timesheets to show the allocation of their time spent on various federal grants, do we still need the semi-annual certification in the federal grant file for those 100% Direct Employees?

In this example, a semi-annual certification is not required in addition to a timesheet for 100% Direct Employees because the regular timesheet (i.e., PAR) exceeds the semi-annual certification requirements. |
| Certification (cont.) | #42 | For clarification, if a 100% single activity employee enters their time weekly in an electronic time entry payroll system and it is approved electronically by their supervisor, does this meet the certification requirement or do we still need to complete a semi-annual certification?  
2 CFR states that the certification must be prepared at least semi-annually and be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Recording time in an electronic time entry payroll system more than meets the requirements of the certification, so preparation of an additional semi-annual certification is not necessary. |
|---|---|---|
| | #43 | Do we need to do a semi-annual certification for employees who work primarily on one federal grant if they are already completing PAR’s monthly?  
If the employee is completing a monthly PAR that shows the total hours they spent performing federal grant and non-grant activities, they do not also need to complete the semi-annual certification. |
| | #44 | If a salaried (no timesheet kept) employee is spending 100% of their time on one federal grant, is a PAR still required or is some other certification acceptable?  
2 CFR states that the certification must be prepared at least semi-annually and be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. A PAR is not required in addition to the semi-annual certification. |
| | #45 | Is there a standard form or template example of the semi-annual certification for people working 100% on a federally funded project/program?  
There is no federally approved standard form or template for the semi-annual certification. |
| | #46 | You have advised that a signed certification is an acceptable minimum level of documentation for 100% charge to a single federal grant. Do all USDA agencies concur on this, or can you only confirm that it is acceptable for a USDA OIG auditor?  
The advice and guidance provided by the Forest Service is based on our interpretation of the OMB Circulars and is in response to OIG audit findings on Forest Service awards. We cannot comment as to whether or not other USDA agencies agree with the OIG audit findings specific to the Forest Service. The semi-annual certification is specified as the minimum level of documentation acceptable by OMB Circulars developed for the various types of organizations (State & Local government, non-profits, etc.). It is possible that your organization, or the program from which you are receiving federal grant funding, may have additional documentation requirements. |
| Distribution | 
| #47 | If we have multiple year grants for the same program with the same projects with people hired paid 100% from federal grants, do we need to track time and accomplishments separately for each federal grant year? 
Yes, if you work on multiple grants from the Forest Service, the time you work on each grant should be charged to the individual Forest Service grants. |
| #48 | If our agency has a practice of tracking compensatory time instead of paying overtime, how is that tracked when it isn't paid at the time it was logged on a PAR?
Please refer to the Cost Principles applicable to your organization. The tracking of leave could depend on the type of accounting basis your organization is on (cash basis vs. accrual basis) or whether the employee costs are charged as direct or indirect. Compensatory time should be charged only when actually used (not earned) and in accordance with your organization’s policies and procedures. |
| #49 | We do not currently require daily activity reporting and have been discussing changing our procedures to meet these requirements; however, it was proposed to record actual hours for Federal grants on a daily basis. Is this still not acceptable based on your "common error" which states an entire day's schedule must be accounted for?
The total number of hours employees work each day, on both federal grant and non-grant activities, must be accounted for. Merely recording the hours employees work on federal grants is not sufficient. For example, if an employee works an 8-hour day, and spends 3 hours doing federal grant work and 5 hours doing non-grant work, the employee must record both the 3 hours worked on the federal grant and the 5 hours spent on non-grant activities. It would be INCORRECT for the employee to only record 3 hours worked on the federal grant. |
| #50 | Could a multi-year Memorandum of Understanding with the cognizant agency related to charging salaries against multiple open federal grants provide some flexibility to how salaries are allocated across multiple open federal grants having the same scope and purpose?
A Memorandum of Understanding will not preclude an agency from following the requirements or principles of the Circulars. If you work on multiple grants from the Forest Service, the time you work on each grant should be charged to the respective grant. |
| #51 | If a partner has a grant from the state with committees and work encompasses more than one grant, can it be charged to one grant only?
No. If time is spent working on a grant or subgrant that is funded by federal funds, then salary must be recorded as worked for each federal and non-federal grant. Further, if a review or audit determined that all of the committee and work costs were charged to a single grant (Grant A) when, in fact, only 25% of the committee and work time were actually associated with Grant A, the difference between the amount charged to Grant A (100%) and the amount that should have been charged to Grant A (25%) would be disallowed (75% disallowed). |
| Distribution (cont.) | #52 | How is compensatory time handled with regard to PARs?  
Compensatory time should be treated in the same manner as vacation time - it is only charged when actually used (not earned), and it should be recorded on the PAR proportionately to the hours actually worked. For example, if during the pay period in which the employee is using their compensatory time, the employee spent 60% of their time working on one federal grant and 40% of their time working on a different federal grant, then the compensatory time used by the employee and listed on the PAR in that pay period should be allocated 60-40 to the two federal grants, and charged in accordance with the employee's organization's policies and procedures. Please refer to the Cost Principles applicable to your organization. |
| SF-425 Statement | #53 | The statement that must be included on the SF-425 says "...accurately reflects the actual time personnel spent working on this award". This statement is in direct conflict with A-21, j.10 which addresses effort reporting. We are required to certify the reasonableness of the effort charged to Federal projects, not actual time. Do you plan to modify this statement so that it applies to educational institutions?  
Yes, in response to the comments received from Educational Institutions during the Dec 7, 2011 webinar training, the Forest Service encourages Educational Institutions under 2 CFR 220 (A-21) to use a slightly modified certifying statement, which reads as follows: "The salary component of the amounts on lines e and g complies with all OMB Circulars applicable to my organization and represents an appropriate after-the-fact determination of the work performed by the personnel working on the award." The remarks block of the SF-425 is character limited so if an Educational Institution has trouble inserting the statement on the form, it can be attached to the SF-425. (PLEASE NOTE: All other grant recipients - that is, recipients other than Educational Institutions - should insert the original certifying statement presented in the webinar that states: "The salary component of the amounts on lines e and g complies with all OMB Circulars applicable to my organization and accurately reflects the actual time personnel spent working on this award.") |
| #54 | Our agency has multiple Forest Service grants. Does the statement that must be included in box 12 of the SF-425 have to be included on the next SF-425 of every federal grant or just one federal grant?  
The statement needs to be on every SF-425 form if you do not submit the SF-425A Federal Financial Report Attachment for reporting multiple grants. The OIG audit finding requires the Forest Service to certify by grant, not by organization. Due to the nature of Forest Service awards, it is possible that an organization may apply different salary tracking procedures on multiple awards. |
| #55 | Are the lines e and g referenced in the required statement lines e and g in Box 11 or in Box 10 of the SF-425?  
Lines e and g are found in box 10 under Transactions of the SF-425. |
| #56 | Our organization is in full compliance with the requirements for the compensation of personal services. We heard on the call that the statement must be included verbatim. When the grant and SF-425 does not include any salary costs it would seem better to include a more applicable statement instead or may we include the statement and add an additional statement afterwards such as "This Federal Financial Report does not include any salary expenditures."

The statement is still required verbatim. In the case you reference, the "salary components" of lines e and g may be zero, which is fine. The statement assures that salary certification (even if zero) has indeed occurred and is accurately reported. |
| #57 | Why doesn’t the Forest Service insert the statement into block 12 of the SF-425?

The SF-425 is prepared and signed by the grant recipient, not by the Forest Service. Also, the Forest Service cannot assume you are in compliance with requirements of the grant or cooperative agreement. |
| #58 | About the statement we are adding to the SF-425. The statement refers to lines e and g for the amount being reimbursed, but if these rules apply to the match shouldn’t it be broadened to include lines j and k of the Recipient Share?

This is a valid point. Our focus is to ensure compliance specifically related to Federal expenditures. Ultimately, if an organization is compliant with the Administrative requirements and Cost Principles of the applicable Circulars, by default, lines j and k are covered. |
| #59 | Certifying 3rd party match expenditures may not meet the timelines agreed to with OIG. Are you asking for certification on Federal Funding only at this time, but any matching funds must have the same standards for supporting documentation.

Correct, 3rd party salary used to match federal grant funds must be supported in the same manner. The Forest Service is allowing grant recipients 90 days from December 31, 2011 to submit their SF-425. If an organization needs additional time to complete the certification, contact the Program Manager or Grants & Agreements Specialist listed in your award document for an extension. |
| #60 | Why isn’t the certifying statement about salary costs pre-printed on box 12 of the SF-425?

The SF-425 is prepared and signed by the grant recipient, not the Forest Service. Also, the Forest Service cannot assume you are in compliance with requirements of the federal grant or cooperative agreement. |
| #61 | When a federal grant does not have a salary component or costs, can an organization attach an additional statement stating that fact?

The certifying statement in block 12 of the SF-425 is still required verbatim. In the case you reference, the "salary components" of lines e and g may be zero, which is fine. The statement assures that salary certification (even if zero) has indeed occurred and is accurately reported. |
| **SF-425 Statement (cont.)** | #62 | Will this one time requirement to insert the certifying statement in block 12 of the SF-425 prevent future audit problems?  
Insertion of the certifying statement in the SF-425 helps the Forest Service verify that all grant recipients understand and appropriately apply the requirements for salary according to the Cost Principles. The Forest Service is required to perform random audits. |
| #63 | What if a federal grant was closed out in 2011 and no further SF-425s are being submitted on it?  
If a federal grant was closed out in 2011 and a final SF-425 was submitted, then you do not need to do anything. |
| **PAR - contractors or vendors** | #64 | Must subcontractors fill out our organization's established Time & Effort (T&E) form? Or does their detailed invoice that includes a description of work performed and amount charged serve as a T&E report?  
Contractors or their subcontractors do not need to fill out a T&E form (PAR). The rules surrounding the allowability of contractors' compensation expenses can be found in the FAR Subpart 31.205-6. |
| #65 | Our organization uses federal grant funds to pay for a project coordinator. However, this individual is self-employed and contracts their services to our organization. 100% of the work they do for us is funded by a federal grant. However, this person does contract their services to other organizations. How do we need to document distribution of the money paid to this contractor?  
The rules surrounding the allowability of contractor's compensation expenses can be found in the FAR Subpart 31.205-6. Contractors are not required to maintain PARs. The project coordinator would charge the organization a fee for their services and the organization would record the charge as a contract expense. The coordinator's salary would not be recorded as a salary expense, and the coordinator would not be required to complete the PAR because the project coordinator is a contractor and not an organizational employee. |
| #66 | We are a grant recipient and hired a contractor to complete on the ground spraying. The contractor sends an invoice to us listing amounts agreed upon in our signed contract. The hours are not broken because he is a contractor and we pay him solely for work on this grant at a pre-determined price after bidding. Do we need to have the contractor sign the semi-annual certification or not since he is not a grant recipient?  
A semi-annual certification is not required for contractors. The rules surrounding the allowability of contractor's compensation expenses can be found in the FAR Subpart 31.205-6. |
| #67 | What kind of documentation of time spent is required of private contractors working as part of a RAC (Resource Advisory Committee) partner's agreement?  
Contractors are not required to maintain PARs. The rules surrounding the allowability of contractor's compensation expenses can be found in the FAR Subpart 31.205-6. |
<table>
<thead>
<tr>
<th>#</th>
<th>Question</th>
<th>Answer</th>
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<tr>
<td>#68</td>
<td>I am unclear on the indirect cost designation - our non-profit has a part-time coordinator who is NOT an employee, but is hired as a contractor. She works on multiple projects for the organization, some that are funded by federal grants. Is a PAR required, or would the indirect cost designation be the better alternative?</td>
<td>PARs are not required for contractors. Keep in mind that allowability rules prevent one federal grant from &quot;paying&quot; for services that benefit another grant. The rules surrounding the allowability of contractor's compensation expenses can be found in the FAR Subpart 31.205-6. Typically, contract costs are treated as a direct cost. If a contractor works on multiple federal grants, costs should be charged in proportion to the amount expended on each federal grant. A federal grant can only pay for services that benefit that federal grant. For example, if a particular federal grant was charged for 30% of the contract costs, the federal grant recipient would need to have some sort of documentation to show that the contract costs were allocated appropriately.</td>
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<td>#69</td>
<td>If a not-for-profit utilizes a &quot;fixed cost/price contract&quot; that is specific to a given federal grant, am I correct to assume that the &quot;salary reporting requirement&quot; previously discussed in the webinar does not apply? Can I also assume that maintaining invoices and payment documentation would be sufficient?</td>
<td>PARs are not required for contractors. The rules surrounding the allowability of contractor's compensation expenses can be found in the FAR Subpart 31.205-6.</td>
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<tr>
<td>#70</td>
<td>Do these PAR requirements apply to Agreement for Services (Contractor) vs. employees?</td>
<td>PARs are not required for contractors. The rules surrounding the allowability of contractor's compensation expenses can be found in the FAR Subpart 31.205-6.</td>
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<td>#71</td>
<td>If a grantee is contracting the work and the contractor charges the grantee per acre treated and not hourly, then is a PAR applicable? Does the contractor need to submit a PAR to the grantee?</td>
<td>PARs are not required for contractors. The rules surrounding the allowability of contractor's compensation expenses can be found in the FAR Subpart 31.205-6.</td>
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<td>#72</td>
<td>If a subgrantee maintains a PAR, must the prime grantee have a copy of that PAR on file?</td>
<td>Subgrantee/subrecipient requirements are between the recipient and subrecipient. The Administrative Requirements grant the Forest Service and/or any of our authorized representatives right of access to records in order to make audits or examinations. Please refer to 2 CFR 215 or A-102, Retention and access requirements for records. The prime recipient should ensure the sub-recipient is properly maintaining required PAR's because any salary amounts determined to be unallowable due to insufficient documentation or lack of PARS, even salary charges incurred by sub-recipients, would need to be returned to the Forest Service by the prime recipient.</td>
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<td>Question</td>
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<td>#73 For organizations that submit time electronically, is a physical signing of the timesheet necessary? If an organization’s financial accounting systems meet the requirements outlined in 2 CFR 215 or A-102, then the physical signing of the time sheet is not necessary. An electronic signature is sufficient if that is the standard practice for the recipient.</td>
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<td>#74 Do employees need to sign electronic timesheets that they complete themselves? If an organization’s financial accounting systems meet the requirements outlined in 2 CFR 215 or A-102, then the physical signing of the time sheet is not necessary. An electronic signature is sufficient if that is the standard practice for the recipient.</td>
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<td>#75 The presenter stated that either manual or electronic time records are permitted to be used as the PAR but the webinar presenter also stated that the records must be signed by the employee. Are employee signatures required on the electronic PAR? Electronic signatures are allowed as long as the recipient’s financial accounting systems meet the requirements outlined in 2 CFR 215 or A-102. The certifications of a PAR varies depending on the type of agency, so please refer to the Cost Principles applicable to your organization.</td>
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<td>#76 Does the PAR require an actual signature? Some entities have an electronic system for personnel time recording that are not signed. Everything is processed electronically. Would that system meet the requirement or will the entity need to modify their system to include an actual signature? If an organization’s financial accounting systems meet the requirements outlined in 2 CFR 215 or A-102, then the physical signing of the timesheet is not necessary as long as your process meets these requirements.</td>
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<td>#77 Our time accounting software provider (ADP) tracks all time by daily totals, but does not have the ability to track daily breakdowns (this is our ‘timesheet’ of record). We have been providing written backup for timesheets that does break down weekly total hours to different projects. Will this written backup meet Forest Service requirements? If an organization’s financial accounting systems meet the requirements outlined in 2 CFR 215 or A-102, then no changes are necessary.</td>
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<td>#78 Are digital signatures accepted? If an organization’s financial accounting systems meet the requirements outlined in 2 CFR 215 or A-102, then digital signatures are acceptable.</td>
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<td>#79 For payroll systems that utilize electronic computer-based entry, is there still a requirement to have a signature on a piece of paper to support the time allocation. If an organization’s financial accounting systems meet the requirements outlined in 2 CFR 215 or A-102, then the physical signing of the timesheet is not necessary.</td>
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<td><strong>Submittal</strong></td>
<td>#80</td>
<td>To whom do we submit the monthly PAR sheets/paperwork? Should PARs be submitted to the Forest Service with reimbursement requests? The PAR should not be submitted to the Forest Service unless requested to do so. PARs should be completed by employees and maintained or filed by the organization so that they can be reviewed when the organization is audited by the Forest Service or external audit teams.</td>
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<td>#81</td>
<td>Should the Forest Service be checking on PARs before something like an OIG audit happens? The Forest Service does not typically ask grant recipients to submit PARs unless the agency determines that the recipient's accounting systems do not meet the standards in the applicable administrative requirements for financial management systems.</td>
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<td>#82</td>
<td>Does the PAR get submitted to the person listed within the federal grant as the main coordinator/administrator? Is there a central FTP site where all PARS are submitted? The PAR does not get submitted to the Forest Service person listed in your award document nor is there an FTP site. PARs should be completed by employees and maintained or filed by the organization so that they can be reviewed when the organization is audited by Forest Service or external audit teams. PARs should be kept on file and made available in accordance with the Retention and Access requirements of the Uniform Administrative Requirements (2 CFR 215 and 7 CFR 3016).</td>
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<td>#83</td>
<td>Do PARs need to be kept in the grant file but not submitted? The PAR should be kept by the recipient in the grant files or other applicable filing system.</td>
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<td>#84</td>
<td>Both speakers slides indicate PAR must be &quot;submitted&quot; but the first speaker answered &quot;it does not need to be submitted but must be kept on file.&quot; ------submit or keep? The PAR should be kept by the recipient. The term &quot;submitted&quot; used in the webinar referred to the employee submitting the PAR to their supervisor for review and approval.</td>
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<td><strong>PAR</strong></td>
<td>#85</td>
<td>Does PAR simply refer to electronic or hard copy timesheet that the employee attests/certifies as true and correct and approved by their supervisor? Yes.</td>
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<td>#86</td>
<td>Is a PAR an electronic or a paper system? The PAR can be either an electronic or paper recording system. There is no federally approved template or Standard Form for a PAR. Each organization can create whatever form of PAR they wish as long as it includes information required by the applicable Cost Principles.</td>
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<td>#87</td>
<td>I am wondering where to find the PAR? Or is it a document that we create? The PAR is a document you create. The PAR can be either an electronic or paper recording system. There is no federally approved template or Standard Form for a PAR.</td>
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| **PAR (cont.)** | **#88** | We complete PARs biweekly. When no activity has been performed during a biweekly period, must we complete a PAR indicating no activity?  
The PAR should be completed to support any salary charges or match. If your biweekly process meets the requirements outlined in the Cost Principles applicable to your organization, you do not need to make any changes. When tracking salary for Federal awards, 2 CFR 225 and 2 CFR 230 state that the PAR must be prepared at least monthly and must coincide with one or more pay periods. For Educational Institutions, the time frame varies based on the employee and you should refer to 2 CFR 220 for guidance. |
| **#89** | Can the PAR be completed every two weeks?  
Yes, it can be completed or submitted every two weeks. However, it is best to record time daily to accurately capture actual hours worked. |
| **#90** | If we use a timesheet for salary that is match and it lists everyone on a crew and equipment used, does the timesheet need to be signed?  
Yes. |
| **Retention** | **#91** | How long do the PAR's have to be kept on file?  
Please refer to the Administrative requirements as outlined in 2 CFR 215 or A-102, Retention and access requirements for records. |
| **#92** | Do I need to keep a copy of the time reports in the grant file or is it O.K. for our payroll department to have them on file?  
Time reports should be kept by the recipient in the grant files or other applicable filing system, which could include the payroll department. |
| **Modification or Adjustments** | **#93** | A tribal timesheet is maintained with supervisor approval for a two week pay period. From time to time, there is a need to submit the timesheet prior to the completion of time period, but is strictly supervised by the supervisor with the appropriate changes amended in the pay period which follows. Is this acceptable?  
The adjustments you reference must be in compliance with A-102 Standards for financial management systems (7 CFR 3016) and follow the Cost Principles as outlined in 2 CFR 225. |
| **#94** | Personnel costs recording within the State bureaucracy is sometimes slow. If a personnel cost for one quarter is captured after the 30 day grace period following the close of the quarter, should it be recorded in the next quarterly report?  
Please refer to A-102, Subpart C, §_.20 Standards for financial management systems and 2 CFR 225, to determine how to record personnel costs in this example. |
### Modification or Adjustments (cont.)

**#95** Can you charge a percentage of an employee’s salary and benefits in the payroll system and track their time on a PAR separately, then reconcile and make adjustments if they do not match?

Yes, as long as an after-the-fact review is conducted and any needed adjustments are made. Please refer to the Cost Principles applicable to your organization. The Circulars reference after-the-fact distributions and adjustments made as a result of activity actually performed.

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### Payroll: Direct/Indirect

**#96** Are there written examples of both Indirect and Direct Activities payroll practices for nonprofit use? I am looking for accepted written payroll policy examples for internal use for non-profits.

A non-profit organization needs to refer to 2 CFR 230 for guidance on how to determine indirect and direct activities as well as how to record these activities.

**#97** Can an agency bill for overhead or are we limited strictly to hourly wages paid?

An agency can bill for overhead if it has been approved by the Forest Service in the budget and the overhead rate is supported by a Federal approved indirect cost rate agreement.

**#98** What type of documentation is needed for paying salaries as "Indirect Activities" -- out of a cost pool, such as an Executive Director and Office Manager?

Please refer to the Cost Principles applicable to your organization. The circulars provide guidance specific to this question.

**#99** If the grantee's Cognizant Agency has not requested an indirect rate proposal from the grantee, does the grantee still have to submit the indirect rate proposal? And if so, to whom? Who can approve the indirect rate if it has not been requested from the Cognizant Agency? Are there limits on the % for an indirect rate? Can the Forest Service set a limit for indirect costs for grantees if the grantee does not have and cannot get an indirect cost rate from their Cognizant Agency?

The Forest Service policy is that all recipients of Federal Financial Assistance awards will have a negotiated indirect cost rate agreement (NICRA) from a Federal agency if they are requesting reimbursement of indirect costs or using indirect costs to meet cost share/matching requirements. The procedures for requesting and receiving a NICRA are outlined in the Cost Principles. The rate of reimbursement cannot be greater than the rate established in the NICRA, but can be at a lower rate negotiated between the Forest Service Program manager and the recipient. When grant recipients wish to claim reimbursement for indirect costs or claim indirect costs as their cost share, if they do not already have an approved indirect cost rate, they must request the approval of an indirect cost rate from the cognizant audit agency and provide the required documentation to their cognizant audit agency for review and approval.
| Payroll: Direct/Indirect (cont.) | #100 | If indirect personnel (e.g. Director) works partially under a federal grant (multiple activities) how do we report this? And is partial direction or other indirect activity allowable as match?  
Indirect personnel salary would not be charged directly to a federal grant because those indirect costs have already been captured or included in the approved indirect cost rate or cost allocation plan. In response to your second question, if indirect costs are not charged to the award, then those indirect costs can be used as match. However, if you claim indirect costs as match, the indirect costs have to be supported by either an approved indirect cost rate or cost allocation plan. Please refer to the Cost Principles applicable to your organization. The Circulars provide guidance specific to this question. |
| #101 | Are Administrative Positions (clerical) considered Indirect or Direct Costs? If they are considered Indirect Costs, are they allowed to be charged as Direct Costs to the Grant?  
Administrative positions can be treated as either a direct or an indirect cost. It depends on the type of work the administrative positions perform and if their work can be readily tracked to specific projects or federal grants. If administrative positions have been included in the organization's indirect costs, then they CANNOT also be charged to the federal grant as direct costs. Charging the administrative positions to the federal grant as both indirect and direct costs would be double charging the federal grant for a single expense and would, of course, be unallowable. Please refer to the Cost Principles applicable to your organization. The Circulars provide guidance specific to this question. |
| #102 | What documents does a grant recipient need to negotiate their indirect rate?  
Your Cognizant Agency has the authority to approve indirect rates. If the Forest Service is your Cognizant Agency, then contact your Grants & Agreements Specialist who can advise you on what information you must submit to the Resource Audit Branch (RAB) of the Forest Service Albuquerque Service Center (ASC). You should also refer to the Federal Cost Principles applicable to your type of organization, which contain information on the documentation that must be submitted to the Cognizant Federal agency when applying for indirect cost rate approvals (e.g., 2 CFR 225 for State, Local, and Tribal governments, 2 CFR 230 for non-profits, and 2 CFR 220 for Universities and Colleges). |
| #103 | Are there written examples of how to document direct and indirect activity?  
Each set of Cost Principles addresses how indirect costs are documented. Indirect salary costs are usually captured by an approved indirect cost rate or cost allocation plan, whereas direct salary costs are supported by a PAR. |
| Payroll: Direct/Indirect (cont.) | #104 | Where is the best place to learn more about indirect rates?  
Indirect rates are addressed in depth in each of the Cost Principles (i.e., 2 CFR 225 for State, Local, and Tribal governments, 2 CFR 230 for non-profits, and 2 CFR 220 for Universities and Colleges.). You may also want to attend formal training from a commercial vendor (e.g., Management Concepts or Clark Nuber). In addition, State, Local, and Tribal government recipients might want to review an indirect cost guide developed by the Department of Health and Human Services (HHS). HHS is the cognizant Federal agency for State governments and has developed a comprehensive guide entitled "Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government." This guide outlines the types of indirect cost rate methodologies and cost allocation plans recipients can use, explains how to differentiate direct versus indirect costs, and describes the documentation that must be submitted to the Cognizant Federal Agency. |
| --- | --- | --- |
|  | #105 | Some partners use an electronic daily time reporting system which is approved by the supervisor for field personnel. Do indirect cost allocation plans need to be adjusted if field personnel work exclusively on one federal grant?  
Field personnel's time should be charged directly to the single federal grant and not included in the indirect cost rate. Therefore, there should be no need for adjustment of the indirect cost allocation plan. |
| Universities | #106 | As a University, we are in compliance with the OMB Circular applicable to our organization under 2 CFR 220 (formerly A-21), which does not require "actual time," only "a reasonable estimate of the work performed." Are we now subject to a new standard?  
No, you are not subject to a new standard. In response to the comments received from Educational Institutions during the Dec 7, 2011 webinar training, the Forest Service encourages Educational Institutions under 2 CFR 220 (A-21) to use a slightly modified certifying statement, which reads as follows: "The salary component of the amounts on lines e and g complies with all OMB Circulars applicable to my organization and represents an appropriate after-the-fact determination of the work performed by the personnel working on the award." The remarks block of the SF-425 is character limited so if an Educational Institution has trouble inserting the statement on the form, it can be attached to the SF-425. **(PLEASE NOTE:** All other grant recipients - that is, recipients other than Educational Institutions - should insert the original certifying statement presented in the webinar that states: "The salary component of the amounts on lines e and g complies with all OMB Circulars applicable to my organization and accurately reflects the actual time personnel spent working on this award.") |
|  | #107 | As an educational institution, given that 2 CFR 220 (formerly A-21) does not require PARs as A-87 does, we are not required to certify 'salary', but rather 'effort'. Can the certification be modify to conform to 2 CFR 220 (formerly A-21)?  
Please refer to the answer to question #106. |
| Universities (cont.) | **#108** | Will you provide additional guidance to university’s concerning the certification statement? 2 CFR 220 (formerly A-21) requires university’s to certify the effort report "reasonably reflects" the actual effort devoted to an award. Not sure how 2 CFR 220 (formerly A-21) entities can sign the statement you are requiring.  
Please refer to the answer to question #106. |
| #109 | As an educational institution, we have faculty that contribute time and effort towards federal grant-funded objectives through the nine month academic year. However, they are paid a "summer salary" out of the federal grant during the three summer months, and not actually paid during the academic year. This has historically been an accepted way of compensating faculty by federal agencies. How are we to reconcile this, since the monthly contribution of time will not match up with payroll?  
The process you reference must be in compliance with 2 CFR 215 (formerly A-110) Standards for financial management systems and follow the Cost Principles as outlined in 2 CFR 220 (formerly A-21). |
| Miscellaneous | **#110** | Can we revisit this webinar presentation later (as a slide show)?  
The live webinar recording and a pdf of the webinar PowerPoint is available at: [http://www.fs.fed.us/spf/event.shtml](http://www.fs.fed.us/spf/event.shtml) |
| #111 | If a coordinator for a non-profit works full time on multiple federal grant projects, but wholly on the non-profits programs, would they report under Indirect Activities and not be required to keep timesheet documentation?  
More information is needed to properly answer this question. Keep in mind, if you capture this employee's time as an indirect cost, then no PAR is needed. If your organization captures this employee's time as a direct cost, then a PAR is required. |
| #112 | Do these documentation requirements apply to Participating Agreements also, or only Federal Financial Assistance grants?  
These documentation requirements are based on the OMB circulars applicable to Federal Financial Assistance awards. However, the requirement to accurately track and record salary to the appropriate Forest Service Participating Agreement applies. For audit purposes, an organization needs to be able to provide the Forest Service with documentation supporting reimbursement requests for any award. |
| #113 | Does this webinar and training information apply only to Recovery Act grants or all federal funds? I was confused by the reference to ARRA funds because the grant that I am associated with, which was audited, is not receiving ARRA funds.  
The requirements discussed in the webinar and this Question and Answer transcript apply to all Federal Financial Assistance awards. |
| #114 | Is the actual time recorded for ALL types of agreements or just Federal Financial Assistance agreements?  
These documentation requirements are based on the OMB circulars applicable to Federal Financial Assistance awards. However, the requirement to accurately track and record salary to the appropriate Forest Service Participating Agreement applies. For audit purposes, an organization needs to be able to provide the Forest Service with documentation supporting reimbursement requests for any award. |
| #115 | In 2 CFR 225, Attachment B, 8.h(4) it states that wages will be supported by PARs...unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Can you address this exception?  
This exception applies to State, Local, and Indian Tribal governments and is applicable if the entity in question has been given an exception by their Cognizant Agency. If the Forest Service is the recipient's Cognizant Agency and the grant recipient requests an exception, the request should be forwarded to the Forest Service Albuquerque Service Center for review. However, even if an exception is granted, recipients must still maintain PARs in order to periodically reconcile the statistical sampling results and adjust the statistically based salary charges. |
| #116 | Are Project Agreements with the Forest Service subject to the administrative requirements being discussed today?  
These documentation requirements are based on the OMB circulars applicable to Federal Financial Assistance awards. However, the requirement to accurately track and record salary to the appropriate Forest Service Participating Agreement applies. For audit purposes, an organization needs to be able to provide the Forest Service with documentation supporting reimbursement requests for any award. |
| #117 | If a grantee has an incorrect charge and isn't interested in compliance, to whom do we report the issue.  
If the grantee has an incorrect charge that they know does not comply with the requirements, you can contact the Forest Service Program Manager and/or Grants & Agreements specialist listed in the award letter and notify them about this non-compliance. If the issue is significant (in terms of the amount of funding involved or the degree of non-compliance), contact the USDA Office of Inspector General hotline (800-424-9121 or 202-690-1622). According to the hotline, the identity of the complainant is protected under the provisions of the Whistleblower Protection Act of 1989 and the Inspector General Act of 1978. |
| #118 | Suppose an employee spends 1/2 of his time in urban forestry and 1/2 of his time in the forest stewardship program, can the employer charge 1/2 of its fuel costs to each program? (For this example, the employees time matches the federal grant).  
Fuel costs are not a component of salary. Fuel costs can be a direct or indirect cost and should be charged accordingly. |
| #119 | What is the time period in question and what if a federal grant has already formerly closed out in 2011 and there are no further SF-425's being submitted?  

The time period is for any non-expired federal grant or cooperative agreement. If a federal grant has been formally closed by the Forest Service, you do not need to submit an SF-425 for the period ending December 31, 2011. |
| #120 | If we think of a question following this webinar will there be some way to submit that question later?  

Please contact the Forest Service Program Manager or Grants & Agreements specialist listed in your award document. |
| #121 | This webinar was designed for Accountants, CFOs and Grants Managers. Will you provide down to earth training for Program Managers explaining how they can comply with the requirements from their common sense perspective?  

We can design a system to properly account for grants but Managers need to know how to explain to field personnel and submit proper time and accomplishment codes to Accounting for entry into the tracking system.  

A variety of trainings on proper management of federal grants are available in the private sector. The federal grant can pay for training expenses. |
| #122 | Slide 25 in the webinar presentation for 100% indirect starts out with "A State Forester..." Through training, I was lead to believe that the State Forester would be an unallowable cost because they are considered the "Chief Executive of a political subdivision." Have I been lead astray?  

(Ref 2 CFR 225, attachment b. 19. a. The general costs of government are unallowable (except as provided in section 43 of this appendix. Travel costs). These include: (1) salaries and expenses of the Office of the governor of a State or the chief executive of a political subdivision or the chief executive of federally-recognized Indian tribal government.  

Your citations are correct. Whether or not a State Forester is considered a chief executive of a political subdivision must be determined on a case-by-case basis. |
| #123 | If a not-for-profit grantee utilized a fixed cost price contract specific to a given federal grant, is an invoice and payment documentation enough?  

Federal Cost Principles state that costs are allowable (can be charged to grants) if they are properly authorized, adequately supported by documentation, and are necessary and reasonable expenditures in terms of the grant work being done. An invoice and payment documentation would meet the supporting documentation requirement. In addition, the grant recipient should keep documentation on file showing that the fixed price contract price was reasonable (e.g., evidence of competition, basis for price, etc.) and that the contracted work was necessary for the grant work being done. |