



## FACT SHEET

# COMPENSATION-PERSONNEL SERVICES: OMB STANDARDS

This Fact Sheet focuses on these frequent areas of concern, including documentation of personnel expenses, reconciliation of estimates, allowances for Institutions of Higher Education, expectations for institutions regarding written policies and procedures, NIFA's common monitoring findings, and NIFA recommended corrective actions. As a recipient of a federal grant award (capacity and competitive), NIFA grant recipients who direct charge faculty or staff salaries (including students and post docs) to NIFA awards, or use faculty or staff salaries to meet matching requirements, must follow internal controls, cost allocation, and documentation requirements under the Uniform Guidance ([2 CFR 200](#)). When conducting reviews, NIFA will examine institutional records (policies, procedures, General Ledger, supporting documentation, etc.) and interview personnel to ensure compliance with Uniform Guidance requirements. In its reviews, NIFA has found common areas of findings in time and effort reporting.

### Monitoring Review Standards for Documentation of Personnel Expenses (2 CFR 200.430(h)-(i))

OMB standards require a grantee's (non-federal entity) records to ensure that the institution's system of internal controls is adequate to:

1. Ensure that matching funds follow the same policies and procedures as federal funds.
2. Ensure that payroll costs are properly/accurately charged.
3. Determine whether there are records to support the distribution of an employee's salary among different funding sources, federal awards, or other activities.
4. Reconcile budget estimates against actual activity.
5. Support the process to review interim charges after-the-fact and make needed adjustments.

### Allowances for Institutions of Higher Education in the Uniform Guidance (2 CFR 200.430(i)(1)(x))

1. Split appointments (e.g., teaching, research, service, and administration) are often inextricably intermingled in an academic setting.
2. A precise estimate of factors that contribute to costs is not always feasible, nor is it expected.
3. However, to ensure accurate and allocable charging of salaries, institutions must have documented support for the distribution of an employee's salary among specific activities or cost objectives if the employee works on more than one federal award. (2 CFR 200.430.i.1.vii)

### Written Policy and Procedure Expectations for Institutions

To provide reasonable assurance that the payroll costs charged to NIFA awards are accurate, allowable, and properly allocated across multiple awards or activities, institutions must have:

1. Written policies and procedures for grant-funded personnel that:
  - Contain prescribed measurement and tracking methods for staff effort and the sources of funds from which they are being paid. The measurement method should be consistent across staff classifications;
  - Identify who will certify effort reports (e.g. faculty and staff vs. students and post docs);
  - Identify who has oversight over reviewing, approving, tracking, and allocations; and
  - Contain clear procedures to adjust effort levels when appointments change.
  - Ensure that tracking methods are documented and tie back to institutional effort reports.
2. Written policies and procedures for accounting staff regarding the review of budgeted estimates against actual work (effort).
  - Under the Uniform Guidance, estimates determined before the services are performed do not qualify as support for charges to Federal awards. (2 CFR 200.430(i)(1)(viii)).
  - There must be a process to review after-the-fact interim charges made to federal awards based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

## Common NIFA Monitoring Findings

1. NIFA is unable to conclude if payroll allocations for split appointments are accurately charged to NIFA grants.
1. NIFA is unable to validate whether systems of internal controls include a review process to ensure charges based on actual effort versus budgeted estimates.
1. NIFA is unable to find sufficient internal controls to reasonably assure that the amounts charged to federal awards are accurate, allowable, and properly allocated.

**NOTE:** This Fact Sheet is intended as an informational resource to assist NIFA recipients in meeting the requirements of personnel services compensation documentation in 2 CFR 200. It is not intended to be applied to non-NIFA awards.

## Recommended Corrective Actions

Develop internal personnel and accounting policies and procedures for:

1. Measuring, documenting, and reporting the percentage of effort expended on federal awards (effort reporting forms).
2. Designating appropriate staff to review and certify effort reporting forms.
  - Staff that are accountable for the review and overall certification of time and effort reports, as well as supporting documentation, must have sufficient knowledge to do so (e.g. Project Directors or Principal Investigators).
3. Reviewing and certifying effort reporting forms timely. We recommend that institutions review and certify effort reporting forms at least biannually to meet the requirements under the Monitoring Review Standards for Documentation of Personnel Expenses (2 CFR 200.430(h)-(i)) section above.
4. Implementing the above policies and procedures, such as staff training, employee manuals, or other means.

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