

Allocation of Personnel Costs

BACKGROUND:

Subrecipients of federal funds are required to support the distribution of the employee's salary or wages among specific activities or cost objectives as required by the OMB Uniform Guidance 2 CFR 200/HHS Title 45 Subtitle A, Sub-chapter A, Part 75.430 (8) (Vii-IX) A-C.

POLICY:

- Subrecipients must follow OMB Super Circular provisions (45 CFR 75) regarding tracking and allocating staff time and effort to grants as follows:
 - Must be incorporated into the official agency records and be supported by a system of internal controls.
 - Must reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for Institutions of Higher Education, this must be consistent per the definition of Institutional Base Salary).
 - Can't rely solely on budget estimates (i.e., estimates determined before the services are performed)
- All supervisors with firsthand knowledge of the work of staff are required to certify both their effort and work performed in the Ryan White Part B program.
- Subrecipients can follow several methods to ensure accuracy in allocating and documenting time and effort. Several methods can be used:
 - A quarterly analysis of an employee's work ebb and flow is conducted to identify consistency with estimates and budgets. With this method, a signed after-the-fact certification is created that reflects work time percentages during the period.
 - Staff prepare "after-the-fact" monthly time sheets that allocate to funding sources all work by either hours or percentage.
 - Semi-annual certification approach, which is used only when an employee works full-time on one federally funded grant program.

DOCUMENTATION:

Policy and procedures on how to certify personnel compensation distributed or charges to a federal program. The actual certification of staff funded in part or in whole by Ryan White Part B.

GUIDANCE:

OMB § 200.430 or 45 CFR 75.340 8 (vii vii) A-C Standards for Documentation of Personnel Expenses

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

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- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
- (iv) 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;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (viii) 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:
 - (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. 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
 - (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact.

EXCEPTIONS:

None. Non-compliance regarding these important federal requirements can result in disallowed salary and benefits expenditures.

REFERENCES:

OMB Super Circular provisions (45 CFR 75)

Implemented: September 1, 2018