



FEDERAL GRANTS FISCAL MONITORING TOOLKIT FOR LEAS

A Practical Guide for Local Education Agencies (LEAs)

Office of Grants Management

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Purpose of Document

This document is designed to help Local Educational Agencies (LEAs) understand, document, and manage the fiscal requirements associated with federal education grants. It is intended to serve as a resource for preparing for fiscal monitoring, strengthening internal controls, and supporting compliance with federal grant requirements.

The topics addressed in this document represent key areas that are important to the effective administration and management of federal grant programs. During a fiscal monitoring review conducted by the South Dakota Department of Education (SD DOE), Office of Grants Management, these areas may be reviewed, along with other applicable fiscal and grant management requirements.

The following areas and policies are among those commonly reviewed during fiscal monitoring:

1. Allowability of Costs
2. Internal Controls
3. Cash Management
4. Procurement
5. Equipment Management
6. Time and Effort

This document is intended to provide guidance and examples to assist LEAs in developing sound fiscal practices. It does not replace federal statutes, regulations, program-specific guidance, the Grant Award Notification (GAN), approved grant applications, or requirements established by the SD DOE.

Allowability of Costs: 2 CFR 200.403ⁱ

An LEA receiving federal funds should have written policies and procedures for determining whether a cost is allowable under a federal award. Before making a purchase with federal funds, the LEA should be able to demonstrate that the cost is allowable under the applicable federal program, federal cost principles, the approved grant application and budget, and any applicable state or local requirements.

Under 2 CFR § 200.403, a cost must meet all applicable requirements to be allowable under a federal award. The following criteria must be met:

1. **Necessary, reasonable, and allocable**
The cost must be necessary and reasonable for the performance of the federal award and allocable to the federal award.
2. **Within applicable limitations or exclusions**
The cost must comply with any limitations or exclusions established by federal cost principles, federal regulations, the federal award, or program-specific requirements.

3. **Consistent with LEA policies and procedures**

The cost must be consistent with policies and procedures that apply uniformly to both federally funded and other activities of the LEA.

4. **Consistent treatment of costs**

Costs must be treated consistently. For example, a cost should not be charged directly to a federal award when the LEA treats the same type of cost as an indirect cost under similar circumstances.

5. **Proper accounting treatment**

Costs must be determined in accordance with generally accepted accounting principles (GAAP), except where the Uniform Guidance provides otherwise for state and local governments and Indian Tribes.

6. **Not charged to another federal award**

A cost may not be included as a cost or used to meet cost-sharing requirements of another federally financed program during the current or a prior period.

7. **Adequately documented**

The LEA must maintain sufficient documentation to demonstrate that the cost was allowable and that the expenditure occurred.

Common Monitoring Concerns

The following may indicate a need for additional review:

- The LEA cannot explain why a purchase benefits the federal program.
- The expenditure was not included in the approved budget and required approval was not obtained.
- Required procurement procedures were not followed.
- The LEA cannot provide an invoice, receipt, proof of payment, or other supporting documentation.
- The LEA cannot demonstrate that goods or services were actually received.
- The expenditure is charged to the federal program but primarily benefits another program or funding source.
- The LEA's accounting records do not clearly identify the federal program.
- The LEA's written policies do not match its actual practices.

Monitoring Tip: "Can You Prove It?"

For each expenditure, the LEA should be able to answer yes to the following:

- ☐ We can explain why the cost was necessary.
- ☐ We can demonstrate that the cost was reasonable.
- ☐ We can demonstrate that the cost was allocable to the federal award.
- ☐ We confirmed that the cost was allowable under the specific federal program.
- ☐ We followed applicable procurement requirements.
- ☐ The expenditure was included in the approved budget or appropriately approved.
- ☐ The purchase was properly authorized.
- ☐ We have supporting documentation.

- ☐ We can demonstrate that the goods or services were received.
- ☐ The expenditure is properly recorded and identifiable in our accounting system.

Internal Controls: 2 CFR 200.303ⁱⁱ

Internal controls are the policies, procedures, approvals, reconciliations, and other safeguards an LEA uses to ensure federal funds are properly managed. Effective internal controls help ensure that federal funds are used for their intended purposes, financial information is accurate and reliable, and federal requirements are followed.

Strong internal controls help prevent and detect unauthorized purchases, duplicate payments, incorrect fiscal coding, unsupported expenditures, conflicts of interest, misuse of equipment, and other errors or irregularities.

Under 2 CFR § 200.303, recipients and subrecipients are responsible for establishing, documenting, and maintaining effective internal control over federal awards. Internal controls should be designed and implemented based on the size and complexity of the LEA and the nature of its federal programs.

An LEA's internal control system should address the following areas:

1. **Segregation of Duties**

When practical, responsibilities should be divided among different individuals so that one person does not control an entire financial transaction from beginning to end.

2. **Authorization and Approval**

The LEA should have procedures identifying who has authority to approval federal expenditures and other grant-related transactions.

3. **Budget Control**

The LEA should regularly compare actual federal expenditures to the approved grant budget in the Grants Management System.

4. **Documentation**

The LEA should maintain documentation to support federal expenditures and demonstrate compliance with federal requirements.

5. **Review of Personnel Costs**

The LEA should have controls to ensure personnel costs charged to federal awards are supported by appropriate documentation. (See section on Time and Effort).

6. **Procurement**

The LEA should have procedures to ensure federal purchases comply with applicable procurement requirements (See section on procurement).

7. **Cash Management**

The LEA should have controls to ensure federal funds are drawn and managed appropriately (See section on Cash Management).

8. **Inventory and Equipment**

The LEA should have controls to safeguard federally funded equipment and ensure required inventory records are maintained (See section on Inventory).

Common Monitoring Concerns

During fiscal monitoring, the following issues may be addressed:

- Purchases are made before required approval is obtained.
- Federal expenditures are not regularly reconciled to the accounting system.
- The LEA cannot identify who approved a purchase.
- Supporting documentation is missing or incomplete.
- Federal grant budgets are not reviewed throughout the year.
- Errors are corrected without documenting the correction.
- Staff are unaware of the LEA's federal grant procedures.
- Written procedures do not match actual practices.

Monitoring Tip: Can You Prove It?

For each expenditure, the LEA should be able to demonstrate:

- ☐ The expenditure was authorized.
- ☐ The expenditure was allowable.
- ☐ Procurement requirements were followed.
- ☐ The expenditure was properly coded.
- ☐ Supporting documentation is complete.
- ☐ The goods or services were received.
- ☐ Payment was properly processed.
- ☐ The expenditure was reconciled to the grant records.
- ☐ The transaction was subject to appropriate review.

Cash Management: 2 CFR 200.302 & 200.305^{iiiiv}

Cash management is the process an LEA uses to request, receive, account for, and disburse federal funds. LEAs must maintain financial management systems that accurately identify federal expenditures and must minimize the amount of time between the receipt of federal funds and the disbursement of those funds.

An LEA should have written cash management procedures that address how federal funds are:

- Requested or drawn from the federal award;
- Recorded and accounted for in the LEA's financial system;
- Matched to actual allowable expenditures;
- Reconciled to the LEA's accounting records;
- Monitored to ensure funds are not held unnecessarily; and
- Corrected when an overdrawn or other error is identified.

The LEA should be able to demonstrate a clear connection between the federal funds it receives and the allowable expenditures those funds support.

Minimizing the Time Between Receipt and Disbursement

LEAs should minimize the time between receiving federal funds and disbursing those funds for allowable grant expenditures.

This means an LEA should have procedures to monitor the timing of:

Federal Draw → Receipt of Funds → Payment of Allowable Expenditures

The longer federal funds remain unused, the greater the risk that the LEA is not meeting cash management requirements.

Financial Management and Accounting

Under 2 CFR § 200.302, an LEA's financial management system must be sufficient to permit the accurate, current, and complete disclosure of the financial results of each federal award. Federal expenditures should be identifiable within the LEA's accounting system using the appropriate grant/program identifiers established by the LEA and applicable State requirements.

Common Cash Management Concerns

During fiscal monitoring, the following may indicate weaknesses in cash management:

- Federal funds are drawn significantly in advance of actual expenditures;
- The LEA cannot reconcile federal receipts to expenditures;
- Federal expenditures are not clearly identifiable in the accounting system;
- The LEA cannot explain differences between its accounting records and federal drawdowns;
- Corrections to drawdowns or accounting records are not documented; or
- Staff responsible for requesting federal funds do not regularly communicate with staff responsible for accounts payable, payroll, or grant management.

Monitoring Tip: Can You Prove It?

An LEA should be able to answer yes to the following:

- ☐ Do we have written cash management procedures?
- ☐ Can we explain how federal drawdowns are calculated?
- ☐ Are federal funds drawn based on a reimbursement basis?
- ☐ Can we identify the federal expenditures associated with each drawdown?
- ☐ Do we minimize the time between receiving federal funds and disbursing them?
- ☐ Can we reconcile federal receipts, drawdowns, and expenditures?
- ☐ Can we demonstrate that federal funds were used only for allowable expenditures?
- ☐ Can we provide documentation supporting our drawdowns and expenditures?
- ☐ Do the individuals responsible for federal grants, accounting, payroll, and accounts payable communicate regularly enough to support accurate cash management?

Procurement: 2 CFR 200.318- 200.327^v

Procurement is the process an LEA uses to acquire goods and services with federal funds.

Federal procurement requirements are intended to promote full and open competition, obtain reasonable prices, support responsible purchasing decisions, and prevent conflicts of interest.

When purchasing with federal funds, an LEA must comply with all applicable federal, State, and local procurement requirements. When requirements differ, the LEA should follow the most restrictive applicable requirement.

Federal procurement requirements apply to purchases made with federal funds, including purchases of supplies, equipment, technology, professional services, and other goods or services.

An LEA should have written procurement policies and procedures that explain:

- Who is authorized to make purchases;
- When competition is required;
- The applicable procurement method and dollar threshold;
- How quotations or bids are obtained and documented;
- How vendors are selected;
- How conflicts of interest are identified and addressed;
- How the LEA determines that prices are reasonable;
- Required contract provisions;
- How purchases are reviewed and approved;
- How procurement records are maintained; and
- How the LEA monitors compliance with procurement requirements.

Procurement procedures should be established before a purchase is made. Staff should not determine after a purchase has been made how to justify the procurement.

Procurement Standards

Under 2 CFR § 200.318, an LEA must maintain and use documented procurement procedures that reflect applicable federal, State, and local laws and regulations.

The LEA must also maintain oversight to ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Procurement transactions should provide for:

- Full and open competition;
- Fair and equitable treatment of vendors;
- Reasonable prices;
- Proper documentation;
- Avoidance of unnecessary or duplicative purchases; and
- Identification and management of conflicts of interest.

Procurement Methods and Dollar Thresholds

Federal regulations establish different procurement methods based on the dollar value and circumstances of the purchase. The thresholds below are the current federal thresholds and should be reviewed periodically for regulatory changes.

Procurement Method	Current Federal Dollar Threshold	General Requirements
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Micro-Purchase	\$15,000 or less	No competitive quotations required, provided the LEA considers the price reasonable and documents the basis for that determination. Purchases should be distributed equitably among qualified suppliers to the maximum extent practicable.
Simplified Acquisition / Small Purchase	Over \$15,000 through \$350,000	Obtain price or rate quotations from an adequate number of qualified sources.
Sealed Bids	Over \$350,000	Formal procurement method generally resulting in a firm-fixed-price contract awarded to the responsible bidder whose bid conforms to all material terms and is lowest in price.
Competitive Proposals	Over \$350,000	Used when sealed bidding is not appropriate. Proposals are solicited from an adequate number of qualified sources and evaluated using established criteria.
Noncompetitive Procurement	Any dollar amount when permitted by 2 CFR § 200.320(c)	May be used only when one of the specific regulatory circumstances exists and the LEA documents the justification.

Important: These are federal thresholds. An LEA's State or local procurement requirements may establish lower thresholds or additional requirements. The LEA must comply with the most restrictive applicable requirement.

Suspension and Debarment

Before entering into covered transactions using federal funds, LEAs must ensure that vendors and contractors are not suspended, debarred, or otherwise excluded from participation in federal programs when applicable.

LEAs should document the method used to verify vendor eligibility, such as checking the federal System for Award Management (SAM.gov) or using another permitted verification method.

Documentation should be retained with the procurement or contract file.

Common Procurement Concerns

During fiscal monitoring, the following may indicate procurement weaknesses:

- Required competition was not obtained;
- Quotes were obtained after the purchase was already made;
- Procurement documentation is missing or incomplete;
- The LEA cannot explain why a particular vendor was selected;
- Specifications appear to favor a particular vendor;
- A noncompetitive procurement does not have adequate justification;
- Purchases are split into smaller transactions to avoid a procurement threshold;
- Conflicts of interest are not disclosed or addressed;
- Required SAM/debarment verification is missing;
- Required contract provisions are not included;
- The LEA cannot demonstrate that the price was reasonable;
- Staff did not follow the LEA's own procurement policy;

- Purchases were made from vendors who were not eligible to receive federal funds; or
- The LEA relied on the availability of grant funds rather than an identified program need.

Monitoring Tip: Can You Prove It?

An LEA should be able to answer yes to the following:

- ☐ Do we have written procurement policies and procedures?
- ☐ Do our procedures address federal, State, and local requirements?
- ☐ Did we identify the applicable procurement method before making the purchase?
- ☐ Did we obtain the required competition or quotations?
- ☐ Can we demonstrate that the price was reasonable?
- ☐ Was the procurement conducted in a manner that promotes full and open competition?
- ☐ Did we avoid unnecessary or duplicative purchases?
- ☐ Were conflicts of interest identified and addressed?
- ☐ Did we verify vendor eligibility when required?
- ☐ Did we include required federal contract provisions?
- ☐ Can we explain why the selected vendor was chosen?
- ☐ Do our records demonstrate that our procurement policy was followed?

Equipment Management: 2 CFR 200.313-314^{vi}

Equipment is tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost that meets the applicable capitalization level for the property.

When federal funds are used to purchase equipment, the LEA must have appropriate controls to ensure the equipment is properly recorded, adequately safeguarded, used for authorized purposes, and properly disposed of when it is no longer needed. LEAs must be able to identify federally funded equipment and demonstrate that the equipment is being used in accordance with the federal award and applicable requirements.

An LEA should have written equipment and property management procedures that address:

- How equipment is identified and recorded;
- The LEA's capitalization threshold;
- How federally funded equipment is tagged or otherwise identified;
- Who is responsible for maintaining equipment records;
- Where equipment is located;
- How equipment is safeguarded against loss, damage, or theft;
- How equipment is used;
- How physical inventories are conducted;
- How inventory records are reconciled to the LEA's accounting records;
- How missing, damaged, or stolen equipment is reported;
- How equipment is transferred or disposed of; and
- How federal requirements are considered when equipment is no longer needed.

Under 2 CFR § 200.313, equipment means tangible personal property, including information technology systems, having:

- A useful life of more than one year; and
- A per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the LEA for financial statement purposes, or \$10,000.

The LEA should have a clearly established capitalization policy and should apply it consistently.

Important: The federal equipment definition should not be confused with an LEA's general accounting treatment for supplies or other property. The LEA should evaluate federally funded property under the applicable federal requirements in addition to its own accounting policies.

Inventory Records

For federally funded equipment, the LEA must maintain property records that include sufficient information to identify and account for the equipment.

At a minimum, records should include:

- Description of the equipment;
- Serial number or other identification number;
- Source of funding, including the federal award identification number (FAIN), when applicable;
- Who holds title;
- Acquisition date;
- Cost of the equipment;
- Percentage of federal participation in the purchase;
- Location;
- Use and condition of the equipment; and
- Ultimate disposition data, including the date of disposal and sale price, when applicable.

The LEA should ensure that inventory records are updated when equipment is moved, transferred, disposed of, or otherwise changes status.

Inventory Template Example

Description	Serial/ID Number	Funding Source	Federal Award Identification Number (FAIN)	Title Holders (if applicable)	Acquisition Date	Cost	% of Federal Participation	Location	Use and Condition	Disposition	Comments

Physical Inventory

The LEA must conduct a physical inventory of equipment and reconcile the results with property records. Under 2 CFR § 200.313(d), the physical inventory must be taken at least once every two years.

The physical inventory process should verify that:

- Equipment listed in the inventory actually exists;
- Equipment is located where the records indicate;
- Equipment is being used as authorized;
- Equipment is in the condition identified in the records; and
- Missing or otherwise unaccounted-for equipment is investigated.

The LEA should document the physical inventory and any corrections made as a result.

Safeguarding Equipment

LEAs must maintain adequate safeguards to prevent loss, damage, or theft of federally funded equipment.

Appropriate safeguards may include:

- Secure storage;
- Physical security controls;
- User assignment records;
- Sign-out procedures;
- Password or access controls for technology;
- Periodic inventory checks;
- Security cameras or restricted access areas, when appropriate; and
- Procedures for reporting lost or stolen equipment.

Use of Federally Funded Equipment

Equipment acquired with federal funds must be used for the authorized purposes of the federal award. When equipment is no longer needed for the original program or project, the LEA should determine whether it can be used for another federally supported activity or whether disposition requirements apply. The LEA should not simply remove federally funded equipment from its inventory because a grant has ended.

Disposition of Equipment

When federally funded equipment is no longer needed for the original project or program the LEA must follow the applicable federal disposition requirements. If the LEA chooses to disposition federally funded equipment, it must determine if the fair market value is under \$10,000 per unit. If it is over the fair market value, it must receive disposition instructions from the awarding agency (SD DOE).

The LEA should document:

- Why the equipment is no longer needed;
- The equipment's condition;
- Its current value, when required;
- Whether another federally funded program needs the equipment;
- Any required approval;
- The method of disposition; and
- The proceeds or other financial information associated with disposal, when applicable.

LEAs should not sell, discard, donate, or otherwise dispose of federally funded equipment without first determining whether federal disposition requirements apply.

Common Equipment Management Concerns

During fiscal monitoring, the following may indicate weaknesses in equipment management:

- Federally purchased equipment is not included in the inventory;
- Inventory records do not identify the federal funding source;
- Serial numbers or other identifying information are missing;
- Equipment cannot be located;
- Inventory records identify an incorrect location;
- Equipment has been moved but inventory records were not updated;
- The LEA cannot demonstrate that a physical inventory was conducted within the required timeframe;
- Physical inventory results were not reconciled to property records;
- Equipment was disposed of without considering federal disposition requirements;
- Equipment is being used for purposes unrelated to the federal award;
- Equipment was purchased but the LEA cannot demonstrate a programmatic need;
- Equipment is not adequately safeguarded; or
- The inventory record does not agree with the LEA's accounting records.

Monitoring Tip: Can You Prove It?

An LEA should be able to answer yes to the following:

- ☐ Do we have written equipment management procedures?
- ☐ Do we have a clearly established capitalization threshold?
- ☐ Can we identify federally funded equipment?
- ☐ Does our inventory include the required information?
- ☐ Can we identify the federal program and FAIN associated with federally funded equipment?
- ☐ Can we identify where each item is located?
- ☐ Do inventory records include serial numbers or other unique identifiers?
- ☐ Do we know who is responsible for the equipment?
- ☐ Do we conduct a physical inventory at least every two years?
- ☐ Do we reconcile the physical inventory to our property records?
- ☐ Do we have procedures for missing, damaged, stolen, or relocated equipment?
- ☐ Do we maintain adequate safeguards against loss, damage, and theft?
- ☐ Do we consider federal requirements before disposing of federally funded equipment?
- ☐ Can we demonstrate that equipment is being used for authorized purposes?

Time and Effort: 2 CFR 200.430^{vii}

Time and effort documentation supports personnel costs charged to federal awards. The LEA must provide reasonable assurance that salaries and wages charged to federal awards are supported by records that accurately reflect the work performed. Personnel costs are one of

the most common expenditures charged to federal education grants. LEAs must be able to demonstrate that employees were actually performing the work for which federal funds were charged and that the amount charged to the federal award is supported by appropriate documentation.

An LEA should have written time and effort procedures that explain:

- Which employees are required to complete time and effort documentation;
- What type of documentation is required;
- How often documentation must be completed;
- Who reviews and approves the documentation;
- How corrections are made;
- How payroll is reconciled to the time and effort records; and
- How the LEA handles employees who work on multiple programs or cost objectives.

The documentation should reflect the employee's actual work performed, not simply the budgeted percentage of the employee's salary.

Under 2 CFR § 200.430, charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

The records must:

- Be supported by a system of internal control;
- Reasonably reflect the total activity for which the employee is compensated;
- Include federally funded and all other activities performed by the employee;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives; and
- Be incorporated into the LEA's official records.

What Is a Cost Objective?

A cost objective is a program, function, activity, award, or other organizational unit for which cost data are accumulated and measured. A cost objective represents a specific activity or purpose for which an employee's work and salary are being accounted for. A cost objective is not necessarily the same thing as a grant, funding source, account code, or budget line. The determination depends on the activities the employee performs and how those activities are accounted for. For example, an employee could have salary charged to multiple federal grants, but if the employee is performing substantially the same activity that benefits those programs, the activities may be considered a single cost objective when permitted by applicable federal guidance.

Single Cost Objective

An employee may be considered to work on a single cost objective when the employee's work can be supported as benefiting a single program or cost objective. The determination should be based on the actual work performed, not simply the funding source used to pay the employee.

For example, an employee may work entirely on one federal program or on activities that are considered a single cost objective under applicable federal guidance.

Employees who work on a single cost objective should complete a semiannual certification documenting that they worked solely on the identified cost objective during the period covered by the certification. The certification should be completed at least twice during the fiscal year, generally once for each semester or other appropriate six-month period, consistent with the LEA's procedures and applicable State guidance.

The certification should:

- Identify the employee and the applicable cost objective;
- Cover the appropriate reporting period;
- Certify that the employee worked solely on the identified cost objective during that period;
- Be completed and signed by the employee or an appropriate official with sufficient knowledge of the employee's work; and
- Be retained with the LEA's payroll and grant documentation.

Semi Annual Certification Example

Name of Organization: _____

Employee's Name: _____

Time Period ⁽¹⁾: _____

Cost Objective	<i>Distribution of Time</i>
Title I Part A 5 th Grade Teacher in "Washington Elementary"	100%

I certify that to the best of my knowledge that this is an after-the-fact determination of my actual activities for this time period.

Employee's Signature: _____

Date: _____

Supervisor's Name: _____

Title: _____

Supervisor's Signature : _____

Date: _____

Employees working on a **single cost objective** are required to prepare **semi-annual** (every six months or semester) reports.

And/ Or Signed by a Supervisory official having firsthand knowledge of the activity performed by employee.

Multiple Cost Objectives

Employees who work on multiple cost objectives must have documentation that supports the distribution of their salary among the activities or cost objectives for which they work. The

documentation should reflect the employee's actual work performed and account for 100% of the employee's compensated time, including federal and non-federal activities.

Documentation for employees working on multiple cost objectives may include Personnel Activity Reports (PARs), monthly time distribution records, time sheets, or other records that accurately reflect the employee's actual work and are consistent with federal and State requirements.

The documentation should:

- Identify the employee and reporting period.
- Reflect the employee's actual work performed.
- Account for 100% of the employee's compensated activity.
- Identify the cost objectives or activities supported by the employee's work.
- Support the distribution of salary and benefits charged to each federal award or other funding source.
- Be reviewed and maintained in accordance with the LEA's written procedures.

Personnel Activity Report Example

Name of Organization: _____

Employee's Name: _____

Time Period ⁽¹⁾: _____

Cost Objectives	<i>Distribution of Time</i>
Title I Kindergarten Teacher at "Washington Elementary"	40%
Title I Director	60%
Total	100%

I certify that to the best of my knowledge that this is an after-the-fact determination of my actual activities for this time period.

Employee's Signature⁽¹⁾: _____ Date: _____

Supervisor's Name: _____ Title: _____

Supervisor's Signature ⁽²⁾: _____ Date: _____

⁽¹⁾Reports must be prepared at least monthly for employees working on multiple cost objectives and must coincide with one or more pay periods.

⁽²⁾ Supervisory official having first hand knowledge of the activity performed by employee.

Common Time and Effort Concerns

During fiscal monitoring, the following may indicate weaknesses:

- Time and effort documentation is missing;

- Documentation does not cover the employee's total compensated activity;
- Documentation is based only on the employee's budgeted percentage;
- Documentation is completed after the fact without adequate support;
- Employees certify activity that does not match their actual duties;
- Documentation does not support the percentage of salary charged to each federal program;
- Documentation reflects the funding source, not the activity;
- Payroll records do not agree with time and effort documentation;
- Supervisors do not review or approve documentation;
- Documentation is signed by someone who does not have sufficient knowledge of the employee's work;
- Time and effort records are not retained with the LEA's supporting documentation; or
- The LEA cannot explain how an employee's salary allocation was determined.

Monitoring Tip: Can You Prove It?

An LEA should be able to answer yes to the following:

- ☐ Do we have written time and effort procedures?
- ☐ Do we know which employees require time and effort documentation?
- ☐ Does our documentation reflect the employee's actual work?
- ☐ Does the documentation account for the employee's total compensated activity?
- ☐ Can we identify the cost objective(s) supported by the employee's work?
- ☐ Does the documentation support the amount of salary charged to each federal award?
- ☐ Does payroll agree with the time and effort documentation?
- ☐ Are time and effort records reviewed and approved by an appropriate individual?
- ☐ Are records completed timely and retained with supporting documentation?

ⁱ [2 CFR 200.403](#)

ⁱⁱ [2 CFR 200.303](#)

ⁱⁱⁱ [2 CFR 200.302](#)

^{iv} [2 CFR 200.305](#)

^v [2 CFR 200.318-200.327](#)

^{vi} [2 CFR 200.313-314](#)

^{vii} [2 CFR 200.430](#)