

Procedure:  <b>PAR Fund and Allocation of Costs to Grants</b>	Policy: <b>Allowable Uses of Funds and Adherence to Cost Circulars</b>	Number: <b>GP0800.5</b>
	<input type="checkbox"/> Complete Revision <input checked="" type="checkbox"/> Partial Revision <input type="checkbox"/> New	Supersedes:

### Overview of Procedure

To increase the amount of allowable personnel effort chargeable to grants and to improve staff flexibility, the District records certain employee time and effort and direct charges grants where practical and consistent with federal laws and rules. All offices within Grant Compliance and Fiscal Services (GCFS) are removed from the Indirect Cost pool and direct charge grants for time and effort maintaining Personnel Activity Reports (PARs) per the federal Uniform Grant Guidance. PAR documentation is used to support the distribution of employee salary and benefits working on one or more federal cost objectives and non-federal activities. In addition to GCFS, several offices within the District central office use PARs to split their cost between one or more federal cost objectives and non-federal activities. All PAR personnel in the central office use the web based PAR system described in [GP1200.3 Completing a Personnel Activity Report \(PAR\)](#). Finally, other select offices began using PAR forms based on operational need and in conformity with federal Uniform Grant Guidance.

### Creation of PAR Fund

A fund has been established in the accounting system to implement the allocation of PAR charges to grants:

9CP (Advantage Financial) / 1199 (Oracle) – For PAR and related grant charges.

*In the Oracle system, the fund number for 9CPX is Source code 1199. For purposes of this procedure, the fund will be referred to as 9CP.*

The fund contains the budgeted amounts (both 100% and split funded) of various personnel and incurs salary and benefit charges and non-personnel costs throughout the fiscal year. On a quarterly basis, the actual dollars to be charged to grants is determined based on time and effort documented on PARs and a JV is executed to move allowable charges to grants eligible to receive them. Non-personnel charges are assessed and allocated to eligible grants as well on a yearly basis during the year end financial Closeout period.

The SDP Comptroller has determined this fund is properly classified as Categorical and therefore will be budgeted and roll up to the Categorical funds group. However, this fund also acts as “clearing account”, that is, it is zero’d out at the end of the yearly Financial Close with any balance (stranded costs) JV’d to the Operating budget of the appropriate office. A positive placeholder budget is created in each grant expected to receive an allowable grant charge via JV from the PAR Fund (clearing account). Therefore, the 9CP clearing account is not budgeted...it is “off-budget”, i.e., not appearing in reports as budgeted funds. The dual treatment of the PAR fund as both a budgeted Categorical fund (that budgetarily nets to zero) and a clearing account allows for the dollars to be “on budget” while in practice being treated as a clearing account that nets to zero. However, the associated FTEs remain “on-budget” in the PAR fund so as to not distort the FTE record of the SDP.

Regarding the mechanics of budgeting in the 9CP fund and grants targeted to receive the PAR charges, the 9CP fund is budgeted positively in the 1000 to 9000 objects with a corresponding major object credit (CR) for each of the major object causing the budgeted fund to net to zero. For the grant funds expected to receive a JV transfer during the year based on estimated PARs, a positive dollar amount of the expected charge shall be budgeted in each of those funds in the salary and benefit major objects (or 1PAR and 2PAR for salaries and benefits).

**Effect on Actual Expense to PAR Time Allocation Adjustments and Year-End “True-Up”**

The effect of expensing staff using the PAR Fund is to eliminate the need to perform a semi-annual assessment required by federal UGG. The UGG requires an expense adjustment when an actual PAR time allocations compared to the amount actually expensed to the grant during the period varies by more than 10%. Federal rules also require a year end “true-up” whereby the total yearly amount of salary and benefit expense actually charged to the grant must be supported by the actual PAR time allocations. Expensing employees to the “clearing account” instead of the grant and JV’ing expenses after-the-fact on a quarterly basis to the grant based on the actual PAR time recorded eliminates the need for both the quarterly assessment and year-end “true-up”.

**BUDGET AND EXPENSE PROCEDURES****General Parameters**

GCFS shall establish budget amounts in the budget system before the start of the fiscal year and include those plans in the budget process. The plans may change during the fiscal year consistent with the needs of staff within the context of implementing effective grant development and compliance systems. GCFS is broadly construed, for this purpose only, to include personnel and functions outside of the direct reporting relationship of Grant Compliance and Fiscal Services to include the Position Control function of OMB. GCFS budgets include the following to be initially expensed against the PAR fund:

- Personnel charged to the PAR fund who will complete PAR forms where a portion of their charges are eligible to be direct charged to grants based on their actual effort as documented on the PAR forms. The direct chargeable costs will subsequently be JV’d to the grant.
- Direct non-personnel costs charged to the PAR Fund that directly benefits a single cost objective and subsequently JV’d to the identified federal cost objective (grant).
- Expenses in the PAR Fund that are not direct chargeable to grants and are therefore “stranded” costs that will be JV’d as an Operating expense of the office that incurred the charge or appropriate expense code as determined by the Office of Management and Budget (OMB). These stranded costs may be more than offset by the revenue generated from the Unrestricted Indirect Cost Rate.

**Budgeted Allocations to the PAR Fund**

In FY22 forward, personnel were budgeted in the PAR fund at the following rates:

- All personnel reporting to the Deputy Chief of Grant Compliance and Fiscal services– 100%
- Position Control personnel reporting in OMB – 100%.
- Other SDP personnel determined to be appropriately placed on PAR forms and to be appropriately administered through the PAR fund.

The JV’ng of PAR Fund expenses for salary and benefits to eligible grants shall occur quarterly for LDPR staff (GCFS and ORE) and annually for all other PAR System staff. Non-personnel costs shall occur annually during the 9CPX close-out process.

If the amount that can be charged to grants is LESS than the expenditures in the PAR fund, the difference (“stranded cost”) will either be JV’d to the appropriate office Operating funding code to clear out the PAR fund at the end of the Financial Close of the fiscal year, or will otherwise be JV’d to another non-grant funding code.

**Maintenance of Records**

A central repository of all official records and backup material shall be maintained to ensure compliance with all approved plans, policies and procedures and adjustments thereto, and to provide those materials to outside auditors and grantors on request.

**Procedure Steps**

The procedures below outline the steps in administering the PAR fund for GCFS personnel:

RESPONSIBLE POSITION	Step	ACTION TAKEN
		<b>GCFS PAR FUND BUDGET DEVELOPMENT</b>
GCFS Deputy Chief / GFS	1	<p>In March, establish Current Year Estimated (CYE) and upcoming Request Year (RY) budget allocations and dollars to be distributed to grants from the PAR fund. This budget will reflect the effort required for an effective grant development and compliance system.</p> <p>The Grant Budget Analyst (GBA) in Grant Fiscal Services budgets the personnel costs that will be charged to Grants via the PAR system in the PAR fund. Full time salaries are budgeted in salary and fringe benefit objects. The budget system salary projection provides the cost of these positions. However, these Objects are added to the 3000-9000 Advantage upload file and NOT set up as a record in BOSS. A negative offset is budgeted for each office in the PAR fund in Object 9000. Non personnel charges are budgeted in the PAR fund with a negative offset made in Object 9000. The net result in the PAR fund for both the budget system and accounting system is a “zero” dollar budget with the appropriate FTEs as a positive number.</p> <p>In the budgets of each grant expected to be charged during the year, the GBA creates a budget to cover Personnel and Non Personnel costs equal to the anticipated charge to be JV’d into the grant. Non-salary dollars are budgeted in the appropriate accounting code.</p> <p>The net effect of this process is that grant budgets are only counted once (in the grant of the expected charge during the year), and the FTEs are counted once in the PAR Fund.</p>

RESPONSIBLE POSITION	Step	ACTION TAKEN
		<b>ADVANTAGE LOAD</b>
Offices with Budgets in the PAR Fund	2	In June, the budget is approved. Offices should cite appropriate accounting codes when establishing resolutions for the RY against the PAR fund budgets.
GFS	3	In June for the PAR fund, load personnel and non-personnel budgets into the appropriate codes in the accounting system.  Code on-board employees to the appropriate funds effective July 1.
		<b>ALLOCATION OF PAR TIME AND NPS CHARGES TO GRANTS</b>
GCFS	4	Employees enter time in the PAR system after each bi-weekly pay period to indicate the effort worked on various activities / cost objectives / grants. See <a href="#">GP1200.3 Completing a Personnel Activity Report (PAR)</a> .
		<b>For All Personnel in GCFS</b>
PFA	5	At the request of the PFA, Sherpa runs the following reports:  <ol style="list-style-type: none"> <li>1. Quarterly Salary History Report by Object Code. (PFA Runs report and emails Sherpa).</li> <li>2. PARS Quarterly Distribution Report (calculates percentages allocated to individual grants based on PAR Timesheets).</li> <li>3. Quarterly Salary History (data is multiplied by the percentages calculated by the PARS Quarterly Distribution Report).</li> </ol> <p>This data and analysis provides the dollar value of cost in the PAR fund that can be charged to grants that can accept the charge from a compliance and resource availability standpoint. Grants that cannot accept the charge will not be charged and those costs remain in the PAR fund and considered “stranded” meaning they will either be JV’d at the end of the year during the Financial Close as an Operating expense of the appropriate office.</p>
	6	A JV is created per the <a href="#">Journal Voucher Management</a> policy moving the expense from the PAR fund to the grant(s). The JV is approved and executed by the end of the succeeding month after each quarter. For the final (fourth) quarter, the JV is executed prior to the Annual Financial Close is complete, typically near the end of August.

RESPONSIBLE POSITION	Step	ACTION TAKEN
<b>For Non-Personnel Transactions</b>		
PFA / GCFS Mgmt.	7	Annually during the year-end financial Close Out period, run a report on all of all PAR fund non personnel charges. This detail is reviewed to determine if each specific transaction is: <ol style="list-style-type: none"> <li>1. Direct chargeable to a specific fund (e.g., Title I).</li> <li>2. Not chargeable to any fund.</li> </ol>
PFA	8	Execute a JV for the non-personnel transactions as described in step #6.
PFA	9	Perform the same steps #10 and #11 after the second 6 months of the fiscal year having the JV executed prior to the close of period 13 which typically occurs at the end of August.
PFA	10	Ensure that the PAR fund for the year ended has been “zero’d out” by the end of August which ensures that all costs have either been JV’d to grants per the methodologies described and the stranded costs, if any, have been either JV’d as an Operating expense to the applicable office that incurred the charge, or to another non-grant code provided by OMB.

## **OTHER CENTRAL OFFICE BUDGET AND EXPENSE PROCEDURES**

### **General Parameters**

All non GCFS central office personnel required to maintain PAR forms will do so through the GCFS PAR system. The specific elements of this structure that varies from the GCFS framework are as follows:

- Personnel will be split funded through the Advantage Labor Distribution Profile (LDPR) or Oracle system equivalent based on anticipated effort by funding source / cost objective. Non-personnel expenses will not be processed or paid through the PAR System or 9CPX fund.
- GFS and GCO shall coordinate the reconciliation of personnel to ensure that employee separating and coming on board are recorded in the PAR System and the personnel required to complete PARs are doing so. This reconciliation process will be as follows:
  1. The GCO shall receive from the GFS PFA within 5 days after the end of each month the list of personnel who have not completed PARs in the System as required (to include GCFS employees). The GCO shall follow up with those personnel to complete their PARs.
  2. The GCO shall receive from the GFS PFA within 5 days after the end of each quarter two lists: A) those with records in the PAR system currently to include if they are active in inactive records, B) and the list of staff District-wide who have labor Distribution

profiles (LDPRs) in the payroll system where one or more of the payroll distributions include federal funds. The GCO will review all files to determine if there are individuals who are in the PAR system who shouldn't be, or if there are personnel with LDPRs that should be in the PAR system but are not. During this process, the GCO shall also query offices for unusual circumstances.

- Each quarter, the GFS PFA shall produce a report of personnel by office that indicates their budget split (LDPR) for the quarter compared to the percentage of time recorded on their PARs. That report will be provided to the Deputy Chief of GCFS and Director of Grant Compliance.. This information will be used to determine the 10% Variance by grouped position type to determine if a JV adjustment is required to align actual charge by fund to the PAR time recorded. If the variance exceeds 10% by position group, a JV will be executed by the end of the month following the end of the quarter. The LDPR going forward may need to be changed as well. This process will be completed each quarter including at the end of the year where a final "true-up" will be completed.

**Contacts**

The following people are primary contacts regarding this procedure:

- *Grant Fiscal Services*

**Frequently Asked Questions**

**Related Information**

- *Budget Amendment Policy*
- *Journal Voucher Management Policy*
- *Journal Voucher Approval Form*
- *PAR Employee Timekeeping System*

**History**

**Amended:**

- Amended on October 25, 2013 to document the reconciliation of positions data sets and information between GFS and GCO, and to include school based personnel (Bilingual Counseling Assistants) into the PAR process and PAR System for analysis and action.
- Amended 4/24/2015 for UGG updates and other technical adjustments.
- Amended 3/23/16 to clarify budgeting mechanics in 9CPX and related grant funds.
- Amended 2/21/2019 for office name changes and clarifications to include that BCA PAR forms do not require a supervisor signature.
- Amended November 2021 to eliminate BCA PAR language as those positions are no longer split funded. Also eliminated language regarding select Finance personnel and Office of Grant Development using PARs as those positions no longer are split funded. Made updates to naming and adjustments to procedures.

Issue Date: November 1, 2021	Effective Date: November 1, 2021	Approved by: Deputy Chief of Grant Compliance and Fiscal Services
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