



BRIGHT FROM THE START
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MEMORANDUM

Date: May 23, 2005

To: CACFP Participants

From: Jackie Romain, Director
Nutrition Services

RE: Labor Cost Documentation

The following policy memo pertains to documentation of labor costs that will be claimed under the Child and Adult Care Food Program. The memo pertains to labor cost incurred for hourly or salaried staff, whether employed part-time, full time, or piecework and applies to both for profit and nonprofit institutions.

FNS Instruction 796-2 Rev. 3 indicates that both time and attendance and time distribution reports are needed for any labor costs charged to the program. DECAL recognizes that some organizations hire staff which complete only CACFP duties and in certain cases, the completion of both time and attendance and time distribution reports appears redundant. However, the time and attendance reports differ from time distribution reports in that they indicate the exact time that staff is in attendance working for the organization. Time Distribution Reports require documentation of the amount of time that an employee spends performing CACFP duties, versus the amount of time the employee spends at the organization performing non-CACFP duties. To reduce the amount of paperwork that is required in the situations listed below it is acceptable for organizations to integrate time and attendance reports and time distribution reports into one form if the organization chooses to do so.

When the organization is not able to or chooses not to follow the guidance listed below, the organization should continue to follow the guidance in FNS Instruction 796-2 and completion of both time and attendance and time distribution reports would be necessary.

- 1) When an employee's work contract with the organization involves completion of only CACFP assignments and these assignments are only operating duties or only administrative duties, not both, completion of both time sheets and a time distribution report is not required. The following documentation is sufficient.
 - a) Time and attendance reports that include
 - i) Date of each day in pay period
 - ii) Start time for each day
 - iii) End time for each day
 - iv) Signed certification by the employee and a supervisory official that all activities performed for the pay period are for CACFP duties and are true and correct. Signed certifications do not have to be on the same form but must accompany the time and attendance report and reference the pay period date.
 - b) Time and attendance reports must be documented daily and coincide with the employee's pay period.
 - c) A separate report is required for each employee.

- 2) When an employee's work contract with the organization involves completion of CACFP assignments but these assignments include both operating and administrative duties, or when an employee's duties include working on programs or projects not fully assignable to the CACFP, or when an employee works for an organization that sponsors both an administrative and day care home sponsorship and that employee works for both sponsorships, the documentation needed is listed below.
 - a) Time and attendance information and time distribution information may be combined but must contain the following:
 - i) Date of each day in pay period
 - ii) Start time for each day
 - iii) End time for each day
 - iv) Number of hours that the employee worked on CACFP operating duties for the pay period, if applicable.
 - v) Number of hours that the employee worked on CACFP administrative duties for the pay period, if applicable.
 - vi) Total number of hours the employee worked for the organization for the applicable pay period.
 - vii) The proration of the labor costs charged to the program. The proration must be based on the hours worked for program and nonprogram activities. The proration of costs charged to CACFP administrative and/or CACFP operating labor must also be indicated.
 - viii) Employees of administrative and day care home sponsors must prorate the labor costs charged to each sponsorship based on the hours worked for each sponsorship.
 - ix) Signed certification by the employee and a supervisory official that all activities performed for the pay period are true and correct. (In cases where there is no supervisory official for the person being paid labor costs, such as the Executive Director of a program, the person's signature is sufficient.)
 - b) A separate report is required for each employee.
 - c) Reports must reflect an after the fact determination of the actual activity each employee performed.
 - d) Completion of the report must coincide with each pay period.

- 3) In accordance with FNS Instruction 796-2, employees of public institutions who work only on the CACFP are allowed to submit semi-annual certifications in lieu of the time distribution reports. In this situation, the public institution is not required to follow the guidelines in section 1 above. The organization may continue to follow the guidelines provided in the FNS Instruction as it relates to time and attendance and time distribution reports. The certification should state that the employee certifies that for the previous six months, the employee worked only on CACFP duties and should be signed and dated by the employee. This certification must be kept on file with other supporting documentation for the CACFP.
- 4) In all cases, except in the situation listed in item 3 above, time distribution reports must be completed to coincide with the organization's pay schedule.
- 5) The interval for time distribution reporting may not occur in intervals of less than 15 minutes.
- 6) This memo does not preclude the need to meet all other labor cost documentation requirements stated in FNS Instruction 796-2 such as compensation plans and payroll records.
- 7) Supporting labor cost documentation must be consistent with information reported to local, state, or federal tax agencies.

The organization should ensure that all information is on file to support labor costs. If an organization chooses not to use the time distribution report provided by DECAL, it should ensure that items listed in section 1 or section 2 are documented and on file to support the labor costs. The organization may document the information required in section 1 or 2 on one form or multiple forms as long as all information is on file and relates to the pay periods. There is no requirement to receive prior approval of time and attendance reports or time distribution reports created by the organization when following the guidelines stated in section 1 and 2. Failure to maintain all documentation to support labor costs may result in a designation of serious deficiency.