

UNIVERSITY OF ROCHESTER
OFFICE OF RESEARCH ACCOUNTING AND COSTING STANDARDS

Federal Requirements For a Plan-Confirmation System

The purpose of a Plan-Confirmation System is to document all salaries and wages charged to sponsored agreements as well as to indirect cost functions such as department administration. Under the plan-confirmation method, the distribution of salaries and wages of professorial and professional staff applicable to sponsored agreements is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution. OMB Circular A-21 sets forth the following standards for a plan-confirmation system in section J.10.c.(1).

- (a) A system of budgeted, planned, or assigned work activity will be incorporated into the official records of the institution and will encompass both sponsored and all other activities on an integrated basis.
- (b) The system will reasonably reflect only the activity for which the employee is compensated by the institution. The system will reflect categories of activities expressed as a percentage distribution of total (100%) activities.
- (c) The system will reflect activities applicable to each sponsored agreement and to each category needed to identify indirect cost activity, and the functions to which they are allocable.
- (d) The system will provide for modification of an individual's salary distribution commensurate with any significant changes in the employee's activity. Short-term (1 or 2 months) fluctuations between categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term such as an academic period. Whenever it is apparent that a significant change in work activity, which is directly or indirectly charged to sponsored agreements, will occur or has occurred, the change will be documented over the signature of a responsible official and entered into the system.
- (e) At least annually a statement will be signed by the employee, the principal investigator, or the responsible official(s) using suitable means of verification that the work was performed, stating that the salaries and wages charged to sponsored agreements as direct cost charges, and to residual, indirect cost or other categories are reasonable in relation to work performed.
- (f) The system will provide for independent internal evaluation to ensure the system's integrity and compliance with the above standards.
- (g) In the use of this method an institution shall not be required to provide additional support or documentation for the effort actually performed.