

**UNIVERSITY OF ROCHESTER
OFFICE OF RESEARCH ACCOUNTING AND COSTING STANDARDS**

Federal Requirements - Plan Confirmation System

2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") Subpart E §200.430 contains the federal regulatory requirements for effort expended on sponsored projects. The University's practice is to utilize a Plan Confirmation System as its effort reporting system to certify that salaries charged, or cost shared to sponsored awards, are reasonable and consistent with the work performed. The individual's effort is first assigned to specific awards in the payroll system (HRMS) based on anticipated activities. Actual effort expended on each project is certified by a responsible person with suitable means of verification that the work was performed, generally the individual or principal investigator, as effort is modified using Personnel Action Forms (PAFs). The effort allocation should be a reasonable estimate of how time was expended.

The Plan Confirmation System incorporates internal controls that provide for documentation that all salary charges to a sponsored award are accurate, allowable and properly allocated. The system allows for distribution of an individual's salary and wages among the proposed specific activities or cost objectives; revisions of salary distributions based on actual work performed; periodic effort certifications on the PAFs; and the annual Plan Confirmation System Review (an independent test of the system).

Uniform Guidance §200.430

(i) *Standards for Documentation of Personnel Expenses* (1) 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;

(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 (for IHE, this per the IHE's definition of IBS);

(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

(vi) [Reserved]

(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.

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(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 interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.

(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs [Institutions of higher education], a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.