FIN-027

Payroll Allocation Confirmation on Sponsored Programs

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Contact Office Sponsored Programs (Office of)

Oversight Executive
Vice President for Research

Applies To Academic Division, the Medical Center, and the College at Wise.

Table of Contents

Policy Statement
I. Roles and Responsibilities
A. Responsible Persons
B. School/Department/Unit Payroll Reporting Coordinators
C. School/Department/Unit Personnel Responsible for Payroll Allocations
D. Department Chairs/Division Heads
E. Office of Sponsored Programs
II. Compliance with Policy
Procedures

Reason for Policy

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed and comply with the standards for documentation detailed in the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). This policy establishes the University's approach to fulfilling these obligations.

Definition of Terms

Institutional Base Salary (IBS)

Description

The annual compensation that the University and/or University Physicians Group pays for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities (e.g., patient care or proposals preparation).

Payroll Allocation Confirmation (PAC) Reports

Description

Personnel expense allocation reports for faculty and principal investigators to review and confirm distribution of salary or wages paid on federal and non-federal funding sources and based on specific activities, not exceeding 100% of the employee's institutional base salary. There are two types of Payroll Allocation Confirmation reports: (1) Payroll Statements for Faculty and (2) Grant Statements for all other personnel.

Responsible Person

Description

For purposes of confirmation of payroll allocation on sponsored programs, an individual having firsthand knowledge or using a suitable means of verification of the work performed toward specific sponsored activities. Normally, this is the employee or principal investigator who is responsible for overall performance of the sponsored program. If the employee/principal investigator is unable to confirm the payroll allocation reports, a surrogate with firsthand knowledge or using a suitable means of verification of the work performed may confirm the report (e.g., the department chair, a co-investigator).

Sponsored Program

Description

Any externally funded research, public service, or scholarly activity (including hosting or attending conferences) at the University that has a defined scope of work often including a set of specific programmatic objectives and/or deliverables, and line-item-based budget, providing the basis for sponsor expectations and awardee accountability (i.e., a reciprocal transfer of something of value). Sponsored programs are funded through grants, agreements, and contracts that include terms and conditions for the disposition of tangible properties and outcomes (e.g., equipment, records, specified technical reports, theses, or dissertations) or intangible properties and outcomes (e.g., rights in data, copyrights, and inventions). **Note:** The terms *sponsored program*, *sponsored project*, *sponsored award*, and/or *sponsored activity* are often used interchangeably.

University Effort

Description

All activities that comprise one's professional/professorial workload at UVA, including the Medical Center and the College at Wise, for which the employee is compensated (through UVA and/or the University Physicians Group). (See **institutional base salary**.) This includes research, instruction, other sponsored programs, administration, non-sponsored/departmental research, University service, competitive proposal preparation, and clinical activities. For payroll allocation confirmation, compensation for 'University effort' totals 100%, regardless of the number of hours worked or the individual's appointment percentage. (For activities included and excluded from *'University effort,'* reference Appendix A of policy FIN-027: Payroll Allocation Confirmation on Sponsored Programs.)

Policy Statement

The University must assure that work performed in support of sponsored programs justifies the payroll charges (i.e., wages and salaries) to a sponsored program. Payroll costing allocations used to direct the application of future payroll charges among sponsored and non-sponsored fund sources are budget estimates; therefore, after-

the-fact review is needed to confirm that the charges reasonably reflect the work performed in support of individual sponsored programs as well as the work performed for other University activities. An employee's payroll charges for work performed on a federal sponsored program must not exceed 100% of the employee's institutional base salary and must be proportionate to the work performed in support of the sponsored program during the period.

Level of Support from Sponsored Programs: Total (100%) University effort for full-time faculty generally includes responsibilities not related to sponsored programs, such as non-sponsored research, instruction, administration, advising students, University service or clinical activity which may not be paid by sponsored funds. In addition, time spent preparing proposals for future funding (e.g., competitive, new, or renewal applications for sponsored funds) generally may not be charged to federally funded sponsored programs. Salary support for these other University activities must come from non-federal University sources, except when a sponsored program is specifically awarded for those purposes. It may be appropriate for certain research faculty to be fully supported from federally funded sponsored programs but only in cases where other University responsibilities do not exist. Incidental work and de minimis activities, over and above or separate from those duties assigned to a faculty member (e.g., on occasion teaching a continuing education course; rare, non-routine time spent advising students) do not need to be accounted for separately.

Approach: The University requires that a responsible person confirm payroll allocation confirmation (PAC) reports detailing the payroll charges for each employee charged (or cost shared, see University policy FIN-051: Proposing and Managing Cost Sharing on Sponsored Programs) to one or more sponsored programs during the reporting cycle.

Reporting Cycle: PAC reports will be generated periodically, approximately two months after the end of each reporting period, allowing for the timely identification and correction of errors before PAC report generation.

Level of Precision Required: The Uniform Guidance recognizes that *"teaching, research, service, and administration are often inextricably intermingled in an academic setting" and stipulates that "Therefore, a precise assessment of factors contributing to costs is not required when IHEs [Institutions of Higher Education] record salaries and wages charged to federal awards."*

Therefore, the University requires that when reviewing and confirming payroll charges on a sponsored program, the responsible person must only confirm that the charges are reasonable in relation to the work performed.

I. **Roles and Responsibilities:**
Each individual with responsibilities in the PAC process must thoroughly understand the proper method of reviewing, completing, and confirming PAC reports such that payroll charges on sponsored programs reasonably reflect work performed in support of individual sponsored programs during the report period.

The following offices and positions have roles and responsibilities in the PAC process:

A. ***Responsible Persons*** are responsible for:
- Understanding and employing the principles, policies, and procedures related to accurate and timely confirmation of PAC reports.
- Communicating with school/department/unit administrators in the establishment of accurate and timely payroll costing allocations across various sponsored and non-sponsored activities.
- When present, complying with sponsor requirements regarding any significant reductions (normally >25%) in effort or changes in the scope of work.

- Identifying and communicating to the school/department/unit reporting coordinators, situations where payroll accounting adjustments are necessary and when payroll allocations need to be updated for future charges.
- Reviewing, explaining, and correcting any inaccuracies or omissions on PAC reports to accurately reflect work committed and performed on sponsored programs prior to confirmation.
- Confirming, in a timely manner, that all payroll charges, their own and those of others working on sponsored programs under their direction, accurately reflect work performed in support of individual sponsored programs.
- Responding to any questions posed by reviewers regarding the PAC process or reports.

B. ***School/Department/Unit Payroll Reporting Coordinators*** are responsible for:
- Understanding and employing the principles, policies, and procedures related to accurate and timely confirmation of PAC reports.
- Establishing effective processes to assist with compliance with policies and associated procedures.
- Moving PAC reports forward via the system for confirmation in a timely manner.
- When necessary, reassigning in a timely manner, PAC reports to another responsible person.
- Assisting and providing guidance to responsible persons in their accurate and timely confirmation of PAC reports.
- Acting promptly to coordinate/process payroll accounting adjustments based upon confirmations by the responsible person.
- Reviewing and acting on submitted PAC reports in a timely manner.

C. ***School/Department/Unit Personnel Responsible for Payroll Allocations*** are responsible for:
- Establishing proper/timely payroll costing allocations for persons supported by sponsored programs to appropriately allocate payroll charges.
- Performing payroll accounting adjustments in a timely fashion in support of accuracy in the application of payroll charges to various sponsored and non-sponsored fund sources.

D. ***Department Chairs/Division Heads*** are responsible for:
- Understanding and employing the principles, policies, and procedures related to accurate and timely confirmation of PAC reports.
- Maintaining effective processes to assist with compliance with policies and associated procedures.
- Maintaining effective practices to assist with proper and timely updates to payroll costing to appropriately allocate costs across various sponsored and non-sponsored fund sources.
- Taking corrective action when notified that PAC report confirmations have not been completed by the applicable deadline.

E. The ***Office of Sponsored Programs*** is responsible for:
- Establishing and communicating policies and procedures related to PAC report confirmation consistent with the requirements of the Uniform Guidance.
- Providing direction and guidance to those involved in the payroll allocation confirmation process.
- Reviewing and updating, when needed, the methodology for data included on periodic PAC reports for accuracy and completeness.
- Generating and distributing the PAC reports and confirming requests in a timely manner.
- Taking action to address instances of non-compliance with this policy and associated procedures.

- Maintaining completed PAC reports as required by University policy IRM-017: Records and Information Management.

II. **Compliance with Policy:**
If the PAC reports are not confirmed timely and properly, the Office of Sponsored Programs will take actions to remain in compliance with federal requirements. These actions may include:

- Withholding submission of proposals, other project applications or other documents such as material transfer agreements.
- Placing active sponsored projects/awards 'on hold.'
- Moving uncertified payroll charges on sponsored programs to non-sponsored accounts.

In addition, failure to comply with the requirements of this policy and its related procedures may result in penalties levied against the departments, divisions, schools, and/or the University. Additionally, failure to comply with these requirements by individuals with roles and responsibilities in the certification process may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

Direct questions about this policy to the Office of Sponsored Programs.

Procedures

Payroll Allocation Confirmation Procedure
OSP - Cost Share on Sponsored Projects

Related Information

Appendix A
FIN-028: Minimum Effort on Federally Funded Sponsored Research Activities
HRM-045: Faculty External Consulting and Internal Overload
RES-009: Proposal, Acceptance, and Management of Sponsored Programs
Payroll Allocation Confirmation - training and videos for faculty and staff

Major Category Finance and Business Operations

Next Scheduled Review Sunday, October 7, 2029

Revision History

Updated title of PAC reports, reporting cycle changed from three to two months 10/7/26; Revised 4/25/23; Confirmed 3/19/21; Updated (minor) 5/2/19; Updated links 3/8/19; 2/14/19; Updated 6/20/18; Added OE/VPR 4/2/18; Updated 4/2/14, 1/8/14, 11/11/11, Revised 7/13/11.

Category Cross Reference
Research Administration

Approved By Executive Vice President and Chief Operating Officer

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