



# University of Pittsburgh

## *Office of the Controller*

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**To:** Deans, Directors, and Department Chairs

**From:** Thurman Wingrove, Controller

**Date:** April 24, 2015

**Subject:** Audit Finding – Late Cost Transfers

The University's most recent Single Audit Report on federal awards performed under Office of Management and Budget (OMB) Circular A-133 contained an audit finding related to late non-salary cost transfers. University policy states that cost transfers must be performed within 90 days from the end of the month in which the error occurred or, in the case of salary cost transfers, 90 days from the end of the period of performance. While our auditors, KPMG, found no late salary cost transfers, they did find several non-salary cost transfers which were not identified and corrected in a timely manner. The finding included late non-salary cost transfers ranging from 40 to 273 days past due. While none of the cost transfers were found to be unallowable, failure to process all cost transfers in a timely manner may be indicative of a lack of adequate internal control and monitoring over the financial administration and accounting for sponsored awards.

As a result of this audit finding, we urge you and your research administration staff to adhere to the University's guidelines on proper financial management of sponsored research awards, including cost transfers. These guidelines can be found at <http://www.cfo.pitt.edu/policies/>. In addition, for proper administration of salary cost transfers, please reference the University's effort reporting policy at <http://www.cfo.pitt.edu/policies/policy/11/11-01-07.html>.

Finally, the University has established a new policy addressing the proper review and reconciliation of Level Reports. This new policy can be found at <http://cfo.pitt.edu/policies/documents/policy05-06-07.pdf>. Timely review of all Level Reports including sponsored project Level Reports will assist in the timely execution of cost transfers.

Failure to comply with federal and other sponsor financial regulations can result in sanctions, fines, penalties, or loss of sponsored funds. The research done at the University of Pittsburgh is a source of great pride and inspiration and also serves as a key economic driver for the region. As a result, it is incumbent upon all of us to do our part to ensure that sponsored funds are administered and accounted for in accordance with regulations and that every effort is made to protect the integrity of this very critical component of the University's mission.

TW/pf