






University of Pittsburgh

Pittsburgh, Pennsylvania 15260

TO: Principal Investigators and Research Administrators

FROM: Dr. Patricia E. Beeson, Provost 
Dr. Arthur S. Levine, Senior Vice Chancellor, Health Sciences and Dean of School of Medicine 
Arthur G. Ramicone, Chief Financial Officer 

DATE: October 2011

SUBJECT: Administrative and Financial Compliance for Sponsored Awards

The University's most recent Single Audit Report on federal awards performed under Office of Management and Budget (OMB) Circular A-133 contained two audit findings related to appropriate administration and accounting for research finances. The first finding related to the University's compliance with requirements that only allowable costs are charged to federal awards, including ensuring that costs are properly documented. Through their audit testing, the University's external auditors, KPMG, found that certain costs charged to federal awards lacked appropriate supporting documentation. As a result, KPMG was unable to determine whether the costs were properly recoverable under the award.

The second finding focused on late 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. However, KPMG found several instances of cost transfers which were not identified and corrected within a timely manner. While none of the cost transfers were found to be inappropriate, failure to process 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.

In addition, we must emphasize that costs incurred during the performance of sponsored awards that are determined to be unallowable and accordingly cannot be recovered due to the regulatory requirements of the awards must be recorded under unallowable subcodes listed in the University's Chart of Accounts available on the PRISM web site at <http://www.cfo.pitt.edu/prism/accountno.php>.

As a result of these findings, we urge you and your research administration staff to adhere to the University's Guidelines on proper financial management of sponsored research awards. These guidelines can be found at <http://www.cfo.pitt.edu/policies/>. 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.