



# University of Pittsburgh

## FINANCIAL GUIDELINE

Financial  
Subject: Responsibilities

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### I. Guideline Background

University sponsors are increasingly relying on institutions for the development of adequate compliance programs for the financial administration of grants and contracts. An adequate compliance program includes identifying University officials responsible for overseeing financial compliance, and ensuring individuals are identified and compliance is incorporated into each level of the grant administration process. Clear identification of the responsibilities for financial grants and contracts administration at the University is integral to a system of internal control and compliance.

### II. Scope

This guideline establishes the requirements for the financial responsibilities related to the University's contractual and regulatory compliance with grants and contracts. The guideline identifies and establishes the financial team who provides the fiscal oversight, guidance, control, compliance and consistency for the financial management of grants and contracts. The guideline also establishes the financial responsibility of each of the members of the financial team. Finally, this guideline is consistent with Research Administration policy number 11-01-02, Rights, Roles and Responsibilities of Sponsored Research Investigators.

### III. Guideline

A sponsored agreement is awarded to the University, rather than to a specific principal investigator or University department. Accordingly, acceptance of such an award implies that the University will comply with all the contractual and regulatory financial terms and conditions of the award. Ensuring the University maintains an adequate financial compliance program for the financial administration of grants and contracts, including identifying University officials responsible for overseeing financial compliance and ensuring compliance is incorporated into each level of the grant administration process, is essential to the University's financial success. Consequences of non-compliance, if material, can be harsh and result in negative publicity for the University.



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### III. Guideline (con't)

Sanctions can include cost disallowance, reduction in award amounts, withholding of payments, ineligibility for letters of credit, ineligibility to receive federal funds, suspension, debarment, prosecution under the false claims act, monetary fines and penalties and jail sentences.

Financial responsibility for compliance with the terms and conditions of the award reside with the University's financial team who shares such responsibilities. The University's financial team is comprised of the Principal investigator, Dean or Director, Department Chair of the Center, Institute or Department receiving the award, the Center, Institute or Departmental Administration or Financial Personnel, the Director of the Office of Research and the Director of Research/Cost Accounting. A summary of each member of the financial team's (and their direct reports and designees) financial responsibility follows:

#### Principal Investigator

- Primary responsibility for the preparation and revision of the detailed grants proposal budget to ensure that the proposed budget follows specific sponsor requirements and established cost principles
- Ensuring compliance with the financial terms and conditions of the sponsored award including compliance with Federal and agency regulations and requirements
- Authorization, supervision and monitoring of the incurrence of expenditures on the sponsored award to ensure that:
  - Costs, including personnel costs, are specifically identified, utilized and charged to the appropriate sponsored project
  - Specific, authorized approval is obtained for expenditures incurred prior to the receipt of a fully executed award
  - Expenditures are consistent with all the terms, conditions and limitations of the award
  - Expenditures do not exceed the total amount of funds awarded by the sponsor and are consistent with the proposed budget
  - Prior approvals are obtained from the sponsor and/or the University for budget changes in accordance with sponsoring agency and institutional requirements
  - Monthly accounting reports are reviewed



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### III. Guideline (con't)

#### Principal Investigator (continued)

- Any budgetary, overrun, disallowance or grant dispute issues with the sponsor are resolved in a timely manner
- Unallowable or unallocable direct or indirect costs are not charged to the project
- Timely final financial adjustments are made and technical and intellectual property reporting information for the sponsor is completed to expedite the closeout of the grant process

#### Dean or Director

General oversight of grant and contract activities conducted within the respective School or College:

- Monitor departmental financial resources
- Ensure that departments are complying with various Regulatory requirements of the sponsors and the University as they apply to sponsored programs
- Ensure that detailed proposals and budgets for grant awards are reviewed and approved on a consistent basis

#### Department Chair

- Ensure that faculty time commitments on grants and contracts do not conflict with other Departmental or University responsibilities
- Establish departmental procedures for the financial administration of grants and contracts
- Approve detailed proposals and budgets for grant awards on a consistent basis
- Provide coordinated support for grants administration within the department
- Assist the Principal Investigator in resolving any budgetary, overrun, disallowance or grant dispute issues with the sponsor by resolving any over expenditure in departmental budgets
- Supervise and oversee responsibilities of the Department Administrator



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### III. Guideline (con't)

#### Department Administrator

- Develop a working knowledge of the grants and contracts terms and conditions, and other requirements for sponsors for which they conduct sponsored program accounting
- Develop a working knowledge of Federal, agency and University regulations
- Assist the Principal Investigator with the preparation of the detailed grants proposal budget
- Initiate establishment of new research grant and contract accounts
- Perform detailed accounting and recording of direct costs on grants and contracts, as well as proper accounting for Departmental Administration costs
- Ensure that unallowable direct and indirect costs are not charged to the project
- Identify and segregate unallowable costs on non-sponsored research accounts through the proper utilization of departmental account subcodes
- Submit timely financial reporting information to facilitate final cost report submission and accounts receivable collection

#### Director of the Office of Research

- Review and approve grant and contract proposals to sponsors for accuracy of budget components and indirect rates
- Ensure that grant and contract proposals are submitted in accordance with Federal, other agency and University regulations
- Interpret sponsor and University policies and regulations for Principal Investigators and staff as they apply to grant and contract proposal submissions and grant and contract project management
- Provide final signatory authority and responsibility for negotiation and acceptance of awards and changes to awards on the University's behalf
- Provide training in grants and contracts management for the research community



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### III. Guideline (con't)

#### Director of the Office of Research (continued)

- Approve establishment of new research grant and contract accounts including any modifications thereto
- Prepare and issue subcontracts

#### Director of Research/Cost Accounting

- Integrate sound financial grant and contract management procedures into financial systems
- Provide signatory authority for financial reports to awarding agencies
- Provide research account activation, maintenance and compliance
- Perform research account invoicing, collection and issue resolution
- Perform research account closeout and financial reporting to the sponsor
- Serve as audit liaison with the University's public accountants for the annual OMB Circular A-133 audit and the University's cognizant Federal audit agency, the Department of Health and Human Services – Office of the Inspector General
- Provide departmental support on issues related to OMB Circulars A-21 and A-110, Cost Accounting Standards, direct costs and indirect costs by interpreting sponsor agreements, University financial policies and Federal Regulations for Departmental Administrators as they apply to grant and contract project management
- Periodic testing of University accounting transactions, controls and compliance to ensure consistency with OMB Circular A-21 and Cost Accounting Standards and the integrity of the University's accounting records for grants and contracts
- Prepare the University's Indirect Cost and Fringe Benefit Rate Proposals and negotiation of the Indirect Cost and Fringe Benefit rates with the Federal Government
- Maintain and revise the University's Cost Accounting Standards Board Disclosure Statement (Form DS-2)



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### IV. Definitions

Authorized Institutional Official – the University’s designated administrative sponsored awards official responsible for assuring compliance with applicable terms and conditions of the award, conformance with administrative, scientific and fiscal information, and accountability for the appropriate use of funds awarded and grant performance. At the University, this individual is the Director of the Office of Research.

Departmental/Research Administrator – the individual designated by the department or Principal Investigator who is responsible for the financial accounting, budgeting and administration of the department’s sponsored awards.

Department Chair – the individual designated by the Dean of the school who is responsible for the General financial and administrative oversight of grant and contract activities conducted within the respective School or College.

Direct Cost – those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Indirect or Facilities and Administrative (F&A) Costs – those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity or any other institutional activity.

Principal Investigator – the individual designated by the sponsoring agency who is responsible and accountable for the proper conduct and direction of the project or activity. At the discretion of the Dean, a principal investigator for sponsored programs is typically a tenured or tenured stream faculty but can also include other members of the academic community such as research associates or non-tenure stream research/clinical faculty.



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### **V. References**

OMB Circular A-21 C. 11.  
OMB Circular A-21 D. & E.  
OMB Circular A-21 F. 6. b.  
OMB Circular A-21 Appendix A. CAS 9905.502  
PHS Grants Policy Statement  
NIH Grants Policy Statement  
NSF Grants Policy Statement