



TEXAS A&M RESEARCH
FOUNDATION
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Memorandum

November 28, 2007

To the Audit Committee:

Edmond S. Solymosy, Chair
H. Jarrell Gibbs
Jack N. McCrary
F. Kenneth Smith
B. B. Tuley

Subject:

Management Response to Ingram, Wallis &
Company Audit Letter Received November 28,
2007

Audit Findings

During our audit work with regard to projects, we noted that the Foundation has a system in place for tracking due dates of sponsor required reports. However, we noted reports associated with the following project were not submitted timely by principal investigators in accordance with sponsor requirements:

461611

2 Quarterly Progress Reports

In addition, we noted that the Foundation did not timely submit the sponsor required Standard Form 294 and Standard Form 295 for project 461611 by the required due date of October 30, 2006.

Also, we noted that the Foundation did not obtain the annual audit certification required from the subrecipients on project 461601 in a timely manner.

During our audit work, we noted an instance of noncompliance with the suspension and debarment requirements. A debarment certificate was included for an expenditure on project 495811 but it had not been signed by the vendor. Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

We recommend that the Foundation ensure that suspension and debarment is verified for all applicable contracts and subawards. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Management Response

We agree with the audit findings. The questioned reports have been filed. The debarment certificate has been obtained. Detailed information regarding each project's findings is included in Attachment I.

While it is our objective to have no audit findings, we are pleased to note that these findings have not placed our awards at risk. The Research Foundation has a system in place to monitor reporting deadlines and generate notices to appropriate individuals. We continue to work with the principal investigators, deans, department heads, and our staff to address and improve this area of responsibility. We are mindful of the importance of submitting timely reports. Delays result from extenuating circumstances and not from negligence of duty. These issues continue to be addressed in the on-going training and education of Research Foundation staff dedicated to the research administration process.

Management is keenly aware of our responsibility to safeguard the assets of the organization. It is a primary objective of the daily operations and long range plans. Assessment of our systems and procedures remains an ongoing process. Actions are taken to ascertain that all necessary and cost-effective measures are carried out to fulfill the fiduciary responsibilities.



Leo J. Paterra, Interim President
and Chief Executive Officer



Linda Woodman, Senior Vice
President and Chief Financial Officer

Attachment

cc: Ingram, Wallis, & Company
Verma Elliott, State Auditor's Office
Steve Garrett

Attachment I

461611 - Quarterly Progress Reports

Sponsor – Department of Health and Human Services – NIH - NICHD

Sponsor Award Number - N01HD33355

Title - Life Study 93.113

Quarterly Report Due: 10/29/06

Submitted to Sponsor: 11/10/06

Quarterly Report Due: 04/29/07

Submitted to Sponsor: 04/30/07

Standard Forms 294/295 Due: 10/30/06

Submitted to Sponsor: 01/10/07

461601 – Annual Audit Certifications

Sponsor – Department of Education

Sponsor Award Number - R305P030032

NCEE – English Language Acquisition Evaluation Research Program 84.305

OMB A-133 certifications were due from Aldine Independent School District, Southern Methodist University, and Sam Houston State University. The certifications for each organization's 2006 fiscal year were not obtained until October 2007.

495811 – Vendor Debarment Certificate

Sponsor – DOD-Army Medical Research and Materiel Command

Micro encapsulation and Vaccine Delivery Research 12.100

Vendor – Eastman Kodak Company

As a standard operating procedure the debarment certificate was sent with the original purchase order. The vendor did not return the signed certificate and follow up by the staff was not timely. The questioned certificate was received November 20, 2007.