



TEXAS A&M RESEARCH FOUNDATION

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Integrated Ocean Drilling Program • Prairie View A&M Research Foundation •
The Texas A&M University System Health Science Center Research Foundation

OMB Circular A-133 Audit Information Sub Recipient Compliance

In accordance with the Office of Management and Budget Circular A-133, the Texas A&M Research Foundation's audit of federal programs has been completed for the year ending August 31, 2009. The financial statements and compliance for major programs received unqualified reports from the independent auditors.

Regarding federal and state awards, the auditors identified a significant deficiency that is not considered to be material weaknesses, but is required to be disclosed in accordance with section 510(a) of circular A-133. There were no questioned costs. The finding, 09-01 miscalculation of cost sharing, and the corrective action plan are listed in Attachment I of this document.

Status of Prior Year Findings

08-01 Matching: Corrective action not properly administered.

08-02 Suspension and Debarment: Corrective action was taken.

08-03 Subrecipient Monitoring: Corrective action was taken.

The Schedule of Expenditures of Federal and State Awards, which includes sub awards, begins on page 28 of the Independent Auditors' Report. A summary of the auditors' results can be found on page 46 of the report.

Should you have any questions regarding the audited financial statements or compliance reports, please contact me at 979-845-8701 or lfw@rf-mail.tamu.edu or Verna Smith, Director of Fiscal Operations and Reporting at 979-845-3806 or vsmith@rf-mail.tamu.edu.

Sincerely,

Linda Woodman

Senior Vice President and CFO

December 14, 2009

Attachment

Serving Those Who Provide the Future

Texas A&M Research Foundation
 Audit Findings Identified by Ingram, Wallis & Company, P.C.
 And Corrective Action Plans – FYE 8/31/09

09-01 Noncompliance with Matching Requirements

| | <u>Questioned Costs</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <u>DEPARTMENT OF AGRICULTURE</u> | |
| Nutrient Sensing Via mTor Cell Signaling for Conceptus Development and Survival CFDA No. 10.206; Grant No. 2006-35203-17283; Grant Period – Year Ended 8/31/10 | --- |
| Characterization of Virulence Mechanism in Pathogenic Fungi Associated with Maize Stalk Rot CFDA No. 10.206; Grant No. 2007-35319-18334; Grant Period – Year Ended 8/31/10 | --- |
| <u>NASA</u> | |
| PhD Training Program in Critical Areas of Space Life Sciences CFDA No. 43.000; Grant No. NCC 9-58-42, E001001; Grant Period – Year Ended 6/30/09 | --- |
| <u>DEPARTMENT OF ENERGY</u> | |
| New Technology for Future Colliders CFDA No. 81.049; Grant No. DE-FG02-06ER41405; Grant Period – Year Ended 11/30/09 | --- |
| <u>NATIONAL SCIENCE FOUNDATION</u> | |
| Novel Asymmetric Routes to 2-Oxetanones and Their Application CFDA No. 47.049; Grant No. CHE-0809747; Grant Period – Year Ended 6/30/10 | --- |
| Secondary Ion Mass Spectrometry with Massive Projectiles CFDA No. 47.049; Grant No. CHE-0750377; Grant Period – Year Ended 3/31/10 | --- |
| MRI: Development of an IM-TOF Instrument for a Structural Biology Center CFDA No. 47.074; Grant No. DBI-0821700; Grant Period – Year Ended 8/31/11 | --- |
| Genetic and Functional Genomic Analysis of Early Events in Cotton Fiber Development CFDA No. 47.074; Grant No. UTA06-271; Grant Period – Year Ended 8/31/10 | --- |

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Sex, Steroids and TMJ Pain

CFDA No. 93.121; Grant No. 1R01 DE16059-01A1; Grant
Period – Year Ended 2/28/10

Mechanism-Based Botanical Drugs in Breast Cancer Chemotherapy

CFDA No. 93.213; Grant No. 1K01AT004597; Grant Period –
Year Ended 3/31/10

Preparation and Distribution of Adult Stem Cells

CFDA No. 93.389; Grant No. 2P40RR017447-06; Grant Period –
Year Ended 5/31/09

Nutrition, Biostatistics and Bioinformatics

CFDA No. 93.398; Grant No. 5 R25 CA090301-08; Grant
Period – Year Ended 6/30/09

The Role of Cysteine Rich Protein2 Binding Protein

Cardiovascular Development

CFDA No. 93.837; Grant No. 1R01HL089902-01A2; Grant
Period – Year Ended 3/31/10

A Genetic Analysis of Pneumotropism and Pneumovirulence in
An MHV-1 Model of Sars

CFDA No. 93.701; Grant No. 1R21AI078148-01A1; Grant
Period – Year Ended 4/30/10

STATE OF TEXAS AWARDS

CANCER PREVENTION & RESEARCH INSTITUTE

Dental Oncology Education Program

Grant No. 04-41; Grant Period – Year Ended 8/31/09

Criteria: Matching or cost sharing includes requirements to provide contributions (usually nonfederal) of a specified amount or percentage to match federal or state awards. Matching may be in the form of allowable costs incurred or in-kind contributions.

Condition: During review of this compliance requirement, it was noted that on some projects on which salaries and the related costs were used as the match that incorrect fringe benefit rates, insurance rates, percentages of effort, and indirect cost rates were used. Other instances were noted where the cost sharing was incorrectly computed due to the use of incorrect monthly expenses and the use of incorrect base indirect cost rates when calculating unrecovered indirect costs.

Recommendation: We recommend that the information used to calculate cost sharing from researchers be compared to the information provided by the System and its members to insure the correct rates are used. Expenditures should also be reviewed to insure that the correct costs are used in the calculation of cost sharing amounts. Cost sharing calculation should be reviewed prior to being posted to the system.

09-01 Corrective Action Plan - Noncompliance with Matching Requirements

Management Response: We concur with the finding. For several of the questioned projects insurance rates were inadvertently reversed between categories resulting in miscalculations. In other instances the previous year's indirect cost rate was used instead of the most current indirect cost rate. Management will develop a master worksheet that will show the valid rates to be used in the current fiscal year. The master worksheet will be reviewed and approved by the Associate Vice President for Post Award and the Director of Fiscal Operations. The master worksheet will be updated annually. The rates will be reviewed annually with the Accounts Receivable staff who have responsibility for calculating and reporting cost sharing. Cost sharing calculations will be audited by Management to assure accuracy.

Person responsible for corrective action plan:
Michele Lacey, Associate Vice President
Post Award Project Management