



# Ingram, Wallis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

To the Audit Committee  
of Texas A&M Research Foundation  
College Station, Texas

In planning and performing our audit of the financial statements of the Texas A&M Research Foundation (the "Foundation") as of and for the year ended August 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

*James D. Ingram, III | Thomas A. Wallis | James D. Ingram, IV | Richard L. Webb*

*Melissa M. Suehs • Donald B. Browning • Diana K. Wagner • Rosanne P. Ely • Teja Templeton • Clayton A. Sheppard*

### Noncompliance with Matching Requirements

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.

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, period of time 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.

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 calculations should be reviewed prior to being posted to the system.

This communication is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Bryan, Texas  
December 1, 2009

A handwritten signature in cursive script that reads "Ingram, Wallis, Capray". The signature is written in dark ink and is positioned to the right of the typed text.