



# TEXAS A&M RESEARCH FOUNDATION

*Serving Those Who Provide The Future*

November 17, 2014

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Certified Public Accountants  
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Subject: Management Letter Comments

## **FFATA Reporting Requirements**

**Auditor Comment:** The OMB Circular A-133 Compliance Supplement requires that all subawards greater than or equal to \$25,000 and signed after 101110 be reported on FSRS.gov. The reporting on FSRS.gov must be done no later than the last day of the month following the month in which the subaward was made. We noted that subaward agreements S140203 in the amount of \$25,000 and S140223 in the amount of \$89,488 were not reported on FSRS.gov. We inquired of staff regarding these reports and they confirmed that the subawards were not reported on a timely basis. They were subsequently reported on FSRS.gov on 9/30/14. As such, these subawards were not reported on FSRS.gov in accordance with A-133 Compliance Supplement reporting deadlines. It appears the subaward agreements were not adequately reviewed to ensure reporting requirements were filled out correctly on the agreements and to ensure that the reporting was completed on FSRS.gov. We recommend that an employee be designated to review the reporting requirements noted on subaward agreements to ensure that they are filled out correctly and to ensure that all the reporting is done in a timely manner.

**Management Response:** We concur with the comment. Management has implemented a procedure where the Intermediate Accountant reviews all Subawards for reporting requirements, completion, and documentation of the reports in a timely manner.

## **Cost Share Tracking and Reporting**

**Auditor Comment:** Per the terms of the subcontract agreement for project 476360, the subcontract includes a minimum 20 percent matching contribution to the total costs invoiced on the subcontract. The most recent modification to the subcontract signed October 20, 2014, included a cost share requirement of \$2,269,112. Cost share is to be reported to Western Research Institute quarterly. The duties for tracking cost share are tasked with the cost share group of the organization. On this project they were responsible for tracking all cost share, including that reported to them by subrecipients. During the review of the activity in the cost share tracking system for this award, it was noted that amounts recorded as cost share by the staff

member were actually the amounts of the direct expenditures reported on the subrecipients' invoice rather than the amount that each subrecipient was reporting as cost share on the invoice. In addition, there were instances of not reviewing an invoice to determine if cost share had been reported by the subrecipient. This resulted in the cost share for the period 9/1/13-8/31/14 being overstated by approximately \$182,000 and quarterly reports being submitted to Western Research Institute in error. The staff member assigned to this project was not adequately trained in the tasks he was expected to do nor was there any evidence of review of his work by a senior staff member. We recommend that the cost share group provide adequate training of its staff members and ensure that the work of each individual is reviewed. Staff also needs to file a corrected report with Western Research Institute prior to the end of the period of performance to reflect the adjustments that were subsequently posted in the cost share tracking system, SPR.

During our audit, we also became aware of the following deficiencies in internal control, other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency:

#### **Federal Financial Report Preparation**

The duties for tracking cost share and reporting cost share are segregated at the organization. The cost share group is tasked with tracking and submitting the amount of cost share to the accounts receivable group who is responsible for reporting the cost share on the SF-425 submitted to the sponsor. During the review of the auditee's preparation of the annual SF-425 for the reporting period ended 8/31/14 for project 500411, it was noted that the amount reported for cost sharing did not reflect the correct amount of current year cost share for the period 9/1/13-8/31/14 as provided by the organization's cost share group. When the report was prepared, the accountant preparing the report reported the current year amount incorrectly resulting in the cumulative amount reported being underreported by \$9,000. As a result, the original report submitted was prepared in error. After being brought to the attention of staff, a revised report was filed to correct the error. We noted no evidence of review of the report prior to it being submitted which is not in accordance with the department's policy that reports will be reviewed and signed off on by another staff member prior to submission. We recommend that the department's policy be adhered to for all report submissions to better ensure that errors are discovered and corrected prior to submission.

#### **Subrecipient Monitoring**

During test work on subrecipient monitoring, we noted that subaward agreement S110020 with Oklahoma State University stated that form SF-425 was due to the Research Foundation by 8/30/14. It was noted that the Foundation had not received the form and did not follow up with the subrecipient about the required form. IWC recommends that the Foundation designate an employee to review the reporting requirements noted on subaward agreements to ensure that all reports are being timely filed by the subrecipients.

**Management Response:** Management is reviewing ongoing projects to verify that

the entries made by the part time staff member were accurate. Additionally, all projects have been reassigned to a full time member of the cost share monitoring group for monitoring and reporting. Full time staff members are provided initial training by a mentor and have their work reviewed for up to six months. Continuing education training is also provided to full time staff members at regularly scheduled training sessions each month. The report for Western Research Institute will be corrected and resubmitted prior to the end date of the project.



Dana Thomas  
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