

**DEPARTMENT OF CHEMICAL AND NUCLEAR ENGINEERING  
AUDIT OF ALLEGATIONS REGARDING  
MISUSE OF FEDERAL FUNDS**

**THE UNIVERSITY OF NEW MEXICO**

**Report 2006-62  
March 20, 2007**



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## ABBREVIATIONS

University.....	The University of New Mexico
ChNE.....	Department of Chemical and Nuclear Engineering
PI.....	Principal Investigator
PI Guide .....	The University of New Mexico Guide for Principal Investigators

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## **EXECUTIVE SUMMARY**

A faculty member at The University of New Mexico (University) Department of Chemical and Nuclear Engineering (ChNE) alleged that ChNE had misused federal funds by charging inappropriate salary expenses to an award. We reviewed the salary expenses and supporting documentation, and conducted interviews. We found that the charges to the award appeared legitimate and appropriate.

During the course of this review, we noted there were employees who were funded 100% by research monies. The Health Sciences Center Research Office identifies and monitors the work of individuals whose salary is 100% research funded. Prior to our review, the Office for Research and Economic Development on main campus did not have a method to determine if an employee is funded 100% by research. Some employees, whose salaries are funded 100% by research monies, could violate federal regulations if they write proposals, teach courses, and/or serve on University committees if it is not allowed within the scope of the award. In addition, the University does not have its research policies linked in an easily identifiable central location.

The following summary provides management with recommendations to address these conditions.

### **RESEARCH CONCERNS**

The Senior Associate Vice President for Research and Economic Development needs to ensure employees who are funded 100% by research monies are working within the scope of the award.

### **POLICY IMPROVEMENTS**

The University needs to have its research policies easily identifiable.

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## **INTRODUCTION**

### **BACKGROUND**

The Department of Chemical and Nuclear Engineering (ChNE), which is part of the School of Engineering, seeks to provide high quality and relevant undergraduate and graduate education to all of their students. ChNE offers undergraduate and graduate degree programs in both Chemical and Nuclear Engineering. There are 18 tenured and tenure-track faculty. The ChNe faculty include the Dean of the School of Engineering, the Director of the Center for Micro-Engineered Materials, the Director of the Center for Biomedical Engineering, a member of the National Academy of Engineering, and many faculty that are actively engaged in interdisciplinary research. The faculty research expenditures exceeded \$5.5 million last year and include research collaboration with professors in other main campus departments, in the School of Medicine, at Sandia National Laboratories, and at other universities.

### **PURPOSE**

The purpose of our audit was to determine whether ChNE misused federal funds and to provide recommendations for improvements.

### **SCOPE**

Our audit procedures were limited to reviewing the allegations on inappropriate charges to a specific federal award and related policies. We reviewed the time period when the alleged questionable expenses were charged to the grant which was from July 1, 2005 through December 31, 2005. The fieldwork was completed on November 14, 2006.

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## **OBSERVATIONS, RECOMMENDATIONS AND RESPONSES**

### **RESEARCH CONCERNS**

A faculty member in ChNE alleged that the department had misused federal funds by charging inappropriate salary expenses to a federal award. The faculty member was the Principal Investigator (PI) on the award. The allegations were made for expenses that were incurred when the PI was on leave.

We met with the Dean of the School of Engineering, the acting PI who was responsible for the oversight of the award, the research professor whose salary was charged to the award, and a co-worker who worked on the award. We determined that the research professor legitimately worked on the research and was paid appropriately for his time.

Some employees in ChNE have 100% of their salaries funded from research, which means 100% of their effort should be working on the award. In the July/August 2006 newsletter published by The National Council of University Research Administrators it states that, "A recent university audit by the DHHS OIG [Department Health & Human Services Office of the Inspector General] assessed cost disallowances for faculty that were charged 100% to sponsored programs while writing sponsored program proposals."

Unless activities, such as writing proposals, teaching, or serving on University committees, are allowed within the scope of work for a specific award, individuals cannot be 100% funded by research. If the employees have other duties not related to the award, or not allowed within the scope of work, the University could be violating the Office of Management and Budget Circular A-21, and could be assessed cost disallowances.

The Health Sciences Center Research Office identifies and monitors the work of individuals whose salary is 100% research funded. The Office for Research and Economic Development on main campus has recently determined the number of employees funded 100% by research funds.

### **Recommendation 1**

The Senior Associate Vice President for Research and Economic Development needs to evaluate the individuals who are funded 100% by research and determine if their work (including writing proposals, teaching and/or serving on University committees) is within the scope of work for the award. If not, they need to either find additional monies so that they are not 100% funded by research dollars and/or eliminate the duties that are not within the scope of work so that the University complies with the federal regulations.

## **Response from the Senior Associate Vice President for Research and Economic Development**

*The Office of the Vice President for Research and Economic Development concurs with this recommendation. To date we have identified 53 Postdoctoral Fellows and 85 Research Faculty that are paid from external awards. We have yet to receive information from Human Resources on the number of Research Scientists and Engineers that are paid from awards. We have begun to evaluate the duties of each person in these categories to determine if their activities fall within the scope of work of the award. We expect to complete this process by 30 April 2007 providing we can get the rest of the information from HR.*

## **POLICY IMPROVEMENTS**

The University policies for research are not easily identifiable; therefore, it is difficult for employees to access them or know they exist. The University has research policies in The University of New Mexico Faculty Handbook, The University of New Mexico Board of Regents' Policy Manual, the University Business Policies and Procedures Manual, as well as on the websites for the Research and Economic Development, and for Research for the School of Medicine. The University has a Guide For Principal Investigators (PI Guide), that includes comprehensive guidelines for research including a list of forms, information, policies, and procedures related to sponsored research and other projects. The PI Guide is not easily identifiable from the University website and the policies are not linked for easy reference. The University should make policies readily available if research personnel, both faculty and staff, are to be held responsible for understanding and complying with them.

### **Recommendation 2**

The Associate Vice President for Financial Services for Main Campus and the Associate Vice President for Financial Services for the Health Sciences Center need to include a reference to the University research policies from the Research link on the University website and on the Health Sciences Center School of Medicine Research website. The policies link should include an introduction regarding the University's commitment to compliance and provide the specific location of the link to applicable policies in the PI Guide.

### **Responses from the Associate Vice President for Financial Services for Main Campus and the Associate Vice President for Financial Services for the Health Sciences Center**

*Management agrees with the finding. A policies link will be added to the Research link on the University website and on the Health Sciences Center School of Medicine Research website. This link will provide a brief introduction regarding research compliance and point to the PI Guide. The PI Guide was last revised July 2006. The link will be in place by December 2007.*

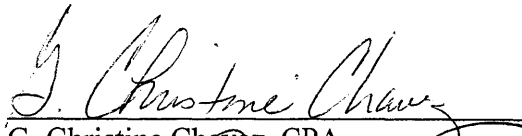
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## CONCLUSION

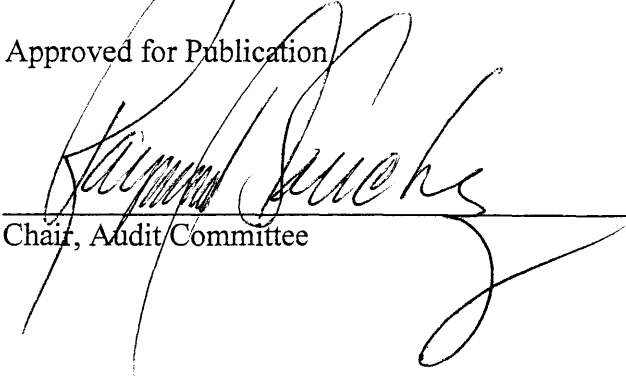
The salary expenses charged to the award in question appeared legitimate. However, we found that the main campus Research and Economic Development office needs to review awards where individuals are 100% funded with research monies. In addition, the Financial Associate Vice Presidents agreed to work with the research offices on both main campus and the Health Sciences Center to identify a central location with links to the existing research policies and procedures. This should assist employees in complying with federal regulations by knowing where to go for guidance.

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## APPROVALS

  
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Approved for Publication

  
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Chair, Audit Committee