

**NEW MEXICO ACCESS TO RESEARCH CAREERS
IN MENTAL HEALTH GRANT
COMPLIANCE**

THE UNIVERSITY OF NEW MEXICO

**Report 2005-04
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ABBREVIATIONS

COR.....	National Institute of Mental Health Career Opportunities in Research/ New Mexico Access to Research Careers in Mental Health
CASAA	Center on Alcoholism, Substance Abuse, and Addictions
NIH.....	National Institutes of Health
NIMH.....	National Institute of Mental Health
University.....	The University of New Mexico

EXECUTIVE SUMMARY

The Deputy Provost in the Office of the Vice President for Research and Economic Development asked us to review the National Institute of Mental Health Career Opportunities in Research/ New Mexico Access to Research Careers in Mental Health (COR) grant to determine if transactions conformed to grant requirements and Federal regulations.

Based on our review, we conclude that the Center on Alcoholism, Substance Abuse, and Addictions (CASAA) should improve the administration and monitoring of accounting entries to achieve better compliance with Federal regulations and grant requirements.

The following summary provides management with an overview of conditions requiring attention. Numbers in brackets [] refer to page numbers in the report.

ACCOUNTING ERRORS [3]

CASAA should exercise greater care in processing accounting transactions and should perform reconciliations to detect and correct errors. The Acting Director of CASAA responded a new business plan for CASAA, which will be implemented by July 1, 2005, will include having an accountant who is part of the central staff reconcile all accounts.

GRANT COMPLIANCE [3]

CASAA should develop a process for monitoring transactions to ensure that expenditures comply with grant requirements and Federal regulations. The Acting Director of CASAA responded that the new business plan for CASAA, which will be implemented by July 1, 2005, will include improved monitoring.

REQUESTS FOR STIPENDS [5]

CASAA's payments of stipends to COR grant participants should conform to payment periods authorized by NIMH. The Acting Director of CASAA responded that CASAA will adjust its paperwork so that the time frames will agree with the NIMH requirements.

INTRODUCTION

BACKGROUND

The National Institute of Mental Health Career Opportunities in Research/ New Mexico Access to Research Careers in Mental Health (COR) grant is funded by the National Institutes of Health (US Dept of Health and Human Services). Over a million dollars was funded for the five-year period ending June 2005. UNM has received funding for COR grants since 1989. The grant is an honors undergraduate program that focuses on minority students receiving research training in mental health and co-morbidity. COR grant students pursue quality research and substantive training leading to degrees in one of four majors: Biology, Pharmacy, Psychology, or Sociology. Students receive intensive training and “hands-on” experience in research mentorships, summer internships, colloquia, and seminars. This grant is administered by CASAA.

PURPOSE

The purpose of our review was to determine if there was compliance with grant requirements and Federal regulations.

SCOPE

We reviewed a sample of transactions in the COR grant from January 2004 through October 2004 to determine if there was conformity with COR grant requirements and Federal regulations.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

ACCOUNTING ERRORS

Good business practices include reconciling general ledger accounting entries to subsidiary records in order to detect and correct errors. We found eight posting errors to the COR grant account that sum to \$2,651.39. These appeared to be administrative errors. These were not detected because it appears that reconciliations were not done. After we informed CASAA of the errors, CASAA initiated journal entries to correct the errors.

Recommendation 1

We recommend that more care be taken when processing accounting transactions so errors can be reduced, and that monthly reconciliations be done on a timely basis to detect and correct errors.

Response from the Acting Director of CASAA

I agree with the findings noted in the section on accounting errors and also concur with the recommendation.

All eight posting errors have been corrected. Unfortunately the reconciliation of the general ledger with subsidiary records is an endemic problem at CASAA. Reconciliation of this particular account is occurring on a monthly basis. A new business plan for CASAA is currently being finalized and will begin to be implemented at the end of next month with full implementation to occur by 1 July 2005. This plan will insure that all accounts are reconciled each month by an accountant who is part of the central CASAA staff.

GRANT COMPLIANCE

We reviewed a sample of expenditures charged to the COR grant. CASAA charged several expenditures to the COR grant that were not in compliance with The National Institutes of Health Guide for the COR grant, Federal regulations, and the grant documents.

- The National Institutes of Health Guide for the COR grant stipulates that the first \$3,000 of tuition for COR grant participants is to be paid at a hundred per cent rate and then at sixty per cent after the first \$3,000. We reviewed tuition paid for COR grant students/participants for the period of January 2004 through October 2004. The tuition paid for two of the students was \$3,993 each. The \$993 of tuition above \$3,000 for each student was paid one hundred per cent by the COR grant instead of at sixty percent, resulting in overpayment by the grant of \$794.

- Shirts embroidered with the name of UNM's COR grant program were purchased for participants to wear at conferences to show that the participants represented the UNM COR grant. The total cost of the twenty-five embroidered shirts was \$348. This purchase is unallowable under the provisions of Office of Management and Budget (OMB) Circular A-21 J.1., which prohibits this type of advertisement from being funded from Federal grant monies. Additionally, OMB A-21 J. 19. states: "Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."
- Over \$5,000 of travel costs/reimbursements were charged to the COR grant for a Co-PI to travel to Albuquerque to perform work for the COR grant; this type of travel is not allowable in the COR grant. The only PI or Co-PI travel costs approved for the COR grant are \$1,500 for one professional meeting per year. CASAA was not aware that the Co-PI's travel to and from Albuquerque was not listed as one of the types of travel covered by the COR grant.

It appears that CASAA personnel did not have a sufficient understanding of Federal COR grant requirements and Federal regulations to identify these potential unallowable costs. CASAA did not have an adequate monitoring process for transactions to assure conformity to grant requirements and Federal regulations.

Recommendation 2

We recommend that the Acting Director of CASAA ensure that CASAA develop a process for monitoring transactions to ensure that expenditures comply with grant requirements and Federal regulations.

Response from the Acting Director of CASAA

I agree with the findings noted in this section.

As noted in response to Recommendation 1, a new business plan and organizational structure for CASAA is under development and will be totally implemented by 1 July. This plan will provide three independent checks of the each transaction. The first step will be approval by the PI or his/her designee for an expenditure. The second will be the implementation of the expenditure by the CASAA accountant. The third and final step will be an independent verification by the unit administrator that the entry was correct and is appropriate for the account to which it was charged. Additional training of all program managers is planned to help them understand the terms and conditions of all awards.

Recommendation 3

We recommend that CASAA ask the funding entity to provide written approval for the Co-PI's travel expenses to travel to Albuquerque. If written approval cannot be obtained then these costs should be transferred to an appropriate account.

Response from the Acting Director of CASAA

The charges for the shirts have been removed from this award and transferred to the PI's overhead account. The PI is preparing a letter for transmittal to NIMH through the Office of Sponsored Projects requesting approval for the Co-PI's travel expenses for his trips to Albuquerque. This request to NIMH will be submitted to NIMH before the end of April. If these are not approved, the charges will be moved to an appropriate account. The \$794 due to excess charges for tuition to the grant is being removed.

REQUESTS FOR STIPENDS

The National Institute of Mental Health requires that grantees request approvals for stipends paid to COR grant students/participants. Approvals are given for specific time periods. It appears that CASAA has had difficulty in coordinating with NIMH regarding the dates when COR grant students/participants receive stipend payments. The NIMH stipend periods are typically July through June. The summer semester at UNM begins in June and continues through July. Therefore, the summer semester begins one month before the NIMH stipend period begins, causing the summer semester months to be included in two separate NIMH funding periods. The dates on the documents submitted to NIMH seeking approval for the stipend payments have not coincided with the dates when students/participants receive stipend payments. For example, CASAA requested approval for stipends for a student for the period June 2003 through May 2004. However, the NIMH informed CASAA that the period should begin in July 2003 and end June 2004.

We analyzed the stipends paid to three students/participants who had completed their COR grant training. One of them had received stipend payments of \$1,724 in excess of the amount authorized by NIMH. The student was paid \$811 for June 2003 prior to the approved stipend start date. Additionally, the approved stipends for the same student should have ended in July 2004. However, the student received a \$913 stipend payment for August 2004. Unless NIMH approves the payments retroactively, the \$1,724 is an overpayment.

Recommendation 4

We recommend that CASAA make stipend payments that coincide with the stipend period authorized by NIMH or request approval from NIMH to make payments on a different schedule.

Response from the Acting Director of CASAA

Beginning in June 2005 each student will receive two Statements of Appointment. The first will cover the month of June while the second will extend from 1 July to the end of May. This will bring the appointment periods in line with the NIMH funding cycle. The requests to NIMH for approval for the stipend payments will reflect these dates.

Recommendation 5

We recommend that CASAA request authorization for the \$1,724 overpayment to the student identified in the audit. If NIMH does not approve the payment, then CASAA should transfer the payment to an appropriate account.

Response from the Acting Director of CASAA

Upon further investigation of the possible over expenditure of \$1724 we have discovered that we do not have a Statement of Appointment approved by NIMH. The PI is preparing a letter for transmission to NIMH in which he is requesting that NIMH approve the appointment of this student for a period of 14 months. This will be submitted to NIMH before the end of April through the Office of Sponsored Programs. It should be noted that NIMH was notified of this appointment and that the paperwork was sent between UNM and NIMH several times. If NIMH does not approve the appointment or the extra two months, the appropriate charges will be removed from the grant.

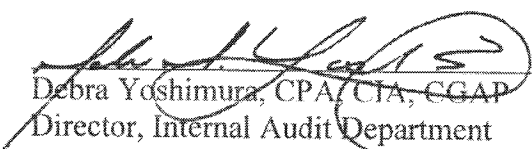
GENERAL COMMENTS FROM THE ACTING DIRECTOR OF CASAA

I had asked for an audit of this grant because of a communication from the program manager for this award at the National Institute of Mental Health (NIMH). They had received a complaint from a student.

CONCLUSION


The Center on Alcoholism, Substance Abuse, and Addictions (CASAA) should improve the administration and monitoring of accounting entries to achieve better compliance with Federal regulations and grant requirements.

APPROVALS



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Approved for Publication



Chair, Audit Committee