

# USDA



U.S. Department of Agriculture  
Office of Inspector General  
Southeast Region  
Audit Report

Florida Agricultural and Mechanical  
University - Specific Cooperative Agreement  
for Establishment of a Science Center



**Report No.  
02007-1-At  
MARCH 2003**



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



DATE: March 31, 2003

REPLY TO

ATTN OF: 02007-1-At

SUBJECT: Florida Agricultural and Mechanical University - Specific Cooperative Agreement for Establishment of a Science Center

TO: Edward B. Knipling  
Acting Administrator  
Agricultural Research Service

ATTN: Steven Helmrich  
Director  
Financial Management

This report presents the results of the subject audit that was performed at the request of your agency. The audit confirmed the agency's concerns regarding the University's management and controls over the Specific Cooperative Agreement's activities and use of Federal funds and made a series of recommendations for corrective actions.

Your March 17, 2003, response to the draft report is included as exhibit F with excerpts and the Office of Inspector General's position incorporated into the relevant sections of the report. The response did not address actions planned to implement the recommendations. To accept your management decision, we need details and timeframes for implementing corrective actions on each recommendation.

In accordance with Department Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned and the timeframe for implementing the corrective actions on the recommendations. Please note that the regulation requires a management decision to be reached on all findings and recommendations within a maximum of 6 months from report issuance.

We appreciate the cooperation and assistance provided by your staff during the audit.

RICHARD D. LONG  
Assistant Inspector General  
for Audit

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## EXECUTIVE SUMMARY

### FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY - SPECIFIC COOPERATIVE AGREEMENT FOR ESTABLISHMENT OF A SCIENCE CENTER

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#### AUDIT REPORT NO. 02007-1-AT

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#### RESULTS IN BRIEF

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In February 2000, Agricultural Research Service (ARS) entered into a Specific Cooperative Agreement (SCA) with Florida Agricultural and Mechanical University (FAMU). The purpose of the agreement was to provide funding to establish a Science Center (SC) at FAMU. The main purpose of the SC is to produce Doctor of Philosophy (Ph.D.) graduates in biology and chemistry so they may pursue careers in agricultural research. As of November 30, 2001, FAMU had expended \$930,431 of the \$1,750,386 awarded for the SC initiative through fiscal year 2001. The SCA is an ongoing long-term effort and funding is anticipated to be about \$875,000 annually.

ARS requested that we review FAMU's internal controls, Federal fund expenditures, and program management in connection with its responsibilities under the SCA. ARS wanted to ensure that the SCA initiative was properly focused, consistent with the intent of the original appropriation, and had controls in place to accomplish mutual program objectives. ARS had been unable to evaluate the progress of the SC initiative because of inadequate FAMU reporting. In July 2001, ARS had suspended FAMU draws of Federal funds until it met SCA reporting requirements. At completion of our fieldwork in May 2002, the suspension was still in place.

Our review found that FAMU charged \$560,371 of ineligible and unsupported costs to the SCA's (see exhibit A). The questioned charges occurred because FAMU did not have administrative control procedures to ensure SCA objectives were being achieved and that expenditures were appropriate, reasonable, and accurate. For the period February 1, 2000, through November 30, 2001, FAMU charged \$930,431 to the SCA's. We questioned \$560,371 of the charges because they were for personnel and equipment costs associated with ineligible research projects, instructors' salaries that did not increase FAMU's teaching capacity in the SC curricula, prohibited and erroneous administrative costs, and equipment purchases that were not approved by ARS.

Since the SC initiative began in February 2000, FAMU had not worked with ARS to develop a strategic plan to address how the multiple objectives of the SCA would be achieved. Although the first 2 years of operations may be characterized as start up, FAMU had allocated no funding to the primary objective of the SCA – development of Ph.D. programs in biology and chemistry to provide a source of future agricultural research scientists. FAMU had not developed a SC implementation plan that contained (1) priorities, goals, and timeframes for implementation of the multiple objectives; (2) statements of the scope of work to meet those goals and timeframes; and (3) a process or methodology for measuring accomplishments and reporting progress in achieving the goals. The SCA did not require written plans for achieving the SC objectives. As a result ARS cannot determine that FAMU's level of effort towards accomplishing the SCA objective was commensurate with the SCA funds it received.

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## **KEY RECOMMENDATIONS**

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We made a series of recommendations for FAMU to improve its administrative controls over the program. We also recommended that ARS (1) recover, disallow, and/or evaluate post justifications, as appropriate, for the \$560,371 of questioned expenses and (2) work with FAMU to develop a formal plan for implementing the SC objectives that includes strategies, priorities, scopes of work, timeframes, and methods for measuring accomplishments.

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## **AGENCY RESPONSE**

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In its March 17, 2003, response to the draft report, ARS stated that it had requested advice and guidance from the Office of the General Counsel and would be providing a response to each of the findings and recommendations. (See exhibit F.)

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## **OIG POSITION**

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The response did not address specific actions planned to implement the recommendations. To accept your management decision, we need details and timeframes for implementing the corrective actions.

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# INTRODUCTION

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## BACKGROUND

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The Agricultural Research Service (ARS) is the principal in-house research agency of the U.S. Department of Agriculture (USDA). ARS research has long been associated with higher production and more environmentally sensitive farming techniques. ARS is also committed to the support and development of the next wave of scientific expertise through Higher Education Programs. One such USDA program is the 1890 Institution Teaching and Research Capacity Building Grants Program. This competitive program builds the institutional capacity of historically Black, 1890 land-grant institutions through cooperative linkages with Federal and non-Federal entities. The program also serves as a means to attract minority students into the food and agricultural sciences, expand the linkages among the 1890 institutions and with other colleges and universities, and strengthen the teaching and research capacity of institutions to more firmly establish them as full partners in the food and agricultural science and education system.

Parallel with this program, in February 2000, ARS awarded a Specific Cooperative Agreement (SCA)<sup>1</sup>, to the Florida Agricultural and Mechanical University (FAMU). The purpose of the agreement was to provide funding to establish a Science Center (SC) at FAMU. The main purpose of the SC is to produce Doctor of Philosophy (Ph.D.) graduates with degrees in biology and chemistry interested in agricultural research careers. Other objectives included agricultural research training in the areas of food science, animal, plant, and marine sciences; partnering with ARS in providing experiential learning opportunities for the SC graduate students in ARS research laboratories; conducting cooperative research projects of mutual interest; and building capacity in the biology, chemistry, and agricultural sciences. The SCA is anticipated to be an ongoing long-term cooperative effort.

In February 2000, ARS awarded FAMU \$865,875 for a SCA (Agreement No. 58-6615-8-022) for the purposes of cooperating in research to develop biological controls for insects and establish a SC at the university. In July 2001, ARS and FAMU entered into a new agreement (Agreement No. 58-6601-1-001) that separated the SC initiative from the biological control initiative. The fiscal year (FY) 2001 award of \$884,511 was put into the new SCA solely for SC activities. The total award for the two SCA's was \$1,750,386. Table 1 shows the SCA budget and actual expenditures as of November 30, 2001.

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<sup>1</sup> Under the authority of 7 United States Code (U.S.C). 3318(b).

**Table 1**

	Agreement No. 58-6615-8-022		Agreement No. 58-6601-1-001	
	Budgeted	Expended	Budgeted	Expended
<b>Personnel</b>	\$400,660	\$463,883	\$763,781	\$37,436
<b>Equipment</b>	\$410,000	\$282,944	\$38,750	-0-
<b>Materials and Supplies</b>	\$35,000	\$131,895	\$52,980	\$7,219
<b>Travel</b>	\$20,215	\$7,054	\$24,000	-0-
<b>Publication Costs</b>	-0-	-0-	\$5,000	-0-
<b>Total</b>	<b>\$865,875</b>	<b>\$885,776</b>	<b>\$884,511</b>	<b>\$44,655</b>

As of November 30, 2001, FAMU had charged \$930,431 to the two SCA's of which \$76,817 was for the biological control initiative and \$853,614 was for the SC initiative. At the completion of our fieldwork in May 2002, FAMU had been reimbursed \$63,150 for the biological control initiative and \$613,300 for the SC initiative. The remaining \$13,667 of biological control expenditures and \$240,314 of SC expenditures were pending reimbursement due to ARS' suspension of funding in July 2001. In addition to suspending reimbursements, at the same time ARS requested this audit and in cooperation with FAMU created a Steering Committee to review SC research projects for compliance with the SCA. These actions were taken because of ARS' concerns the program was not implemented consistent with the intent of the original appropriation.

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## **OBJECTIVES**

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ARS requested that we review FAMU's internal controls, Federal fund expenditures, and program management in connection with its responsibilities under the SCA. ARS wanted to ensure that the SCA initiative was properly focused, consistent with the intent of the original appropriation, and had controls in place to accomplish mutual program objectives.

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## **SCOPE**

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The audit was conducted in accordance with generally accepted government auditing standards. Funds totaling \$1,750,386 were awarded to meet the objectives of the SCA for "Biological Control of Insect Pests"; and the SCA for the "Florida A&M University Science Center of Excellence." We examined the management, disbursement, accounting, and propriety of expenditures of \$930,431 FAMU charged to the two SCA accounts as of November 30, 2001.



Audit fieldwork was conducted from January 8, 2002, to April 26, 2002. The work was performed at the ARS South Atlantic Area office in Athens, Georgia, and at facilities of FAMU located in Tallahassee, Florida.

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## **METHODOLOGY**

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To accomplish the audit objectives we:

- Interviewed applicable ARS and FAMU officials and staff.
- Reviewed and evaluated legislative history, regulations, policies and procedures, as well as objectives, requirements, and instructions contained in the SCA's.
- Identified, reviewed, and evaluated FAMU's administrative controls for ensuring compliance with the SCA.
- Reviewed FAMU's program and accounting records pertinent to the SCA.
- Inventoried non-expendable equipment purchased with SCA funds and evaluated its use.
- Analyzed FAMU expenditures for eligibility.

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# FINDINGS AND RECOMMENDATIONS

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<b>CHAPTER 1</b>	<b>FAMU NEEDS TO STRENGTHEN CONROLS OVER SCA PROGRAM AND FISCAL ACTIVITIES</b>
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FAMU charged \$560,371 of ineligible and unsupported costs to the SCA's. The questioned charges occurred because FAMU did not have administrative control procedures to ensure SCA objectives were being achieved and that expenditures were appropriate, reasonable and accurate. For the period February 1, 2000, through November 30, 2001, FAMU charged \$930,431 to the SCA's of which \$76,817 was for the biological control initiative and \$853,614 was for the SC initiatives. We found that the charges for the biological control initiative were generally proper. Of the \$853,614 charged for the SC initiatives, we questioned \$560,371 (66 percent) because the charges were for personnel and equipment costs associated with ineligible research projects, instructors' salaries that did not build FAMU's teaching capacity in the SC curricula, prohibited and erroneous administrative costs, and equipment purchases that were not approved by ARS (see exhibit A).

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## **FINDING NO. 1**

### **FAMU HAD NOT DEVELOPED ADMINISTRATIVE CONTROLS OVER SCA ACTIVITIES**

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FAMU did not have administrative control procedures to ensure that (1) SCA objectives were being achieved; (2) expenditures were appropriate, reasonable, and accurate; and (3) progress reports submitted to ARS contained sufficient information to assess the progress. As a result, \$560,371 of program

expenditures were questioned because the projects and activities they were spent on were ineligible.

The cooperator must comply with standards for financial management systems for recipients of Federal funds (grants, cooperative agreements) contained in Federal regulations. Cooperators must also have effective internal controls to ensure that expenditures financed with Federal funds are properly chargeable to the grant supported project."<sup>2</sup>

The SCA required FAMU to work closely with ARS in developing and performing mutually agreed to research projects, developing plans of work to be performed, and identifying graduate students for experimental learning opportunities working with ARS scientists. To facilitate this

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<sup>2</sup> 7 Code of Federal Regulations (CFR) part 3015, section 3015.61 (c), effective January 1, 2001.

cooperation between the university and ARS, the agreement called for designating a FAMU employee as the principal investigator (PI) responsible for coordinating the SC efforts to accomplish the SCA objectives.

The SCA also required FAMU to submit quarterly progress reports to ARS. The reports were to include progress in accomplishing established goals, problems encountered or occurrence of unusual or favorable developments during the report period, and a summary of work to be accomplished in the next reporting period.

### Control Procedures

Even though the Dean of the College of Engineering Sciences, Technology, and Agriculture was the PI designated to oversee SC activities, the Dean of the College of Arts and Sciences directed the work and managed the funds of the SC. FAMU and the Dean of the College of Arts and Sciences did not keep the PI informed of SC activities. The Dean of the College of Arts and Sciences (the SC Director), did not coordinate with the PI in (1) planning and conducting SC work, (2) developing research projects, (3) managing SCA funds, and (4) preparing progress reports to ARS. The PI wanted some of the research funds to go to the school of agriculture but none were allocated to it. The PI did not know the SC initiative had begun until he contacted ARS in the fall of 2000 to inquire about the SCA status.

FAMU did not have a methodology for tracking (1) costs by SCA objective, initiative, and research project; (2) progress on each activity; and (3) graduate students' progress towards obtaining a degree in a field of mutual interest to ARS. Examples were:

- FAMU used a standard cost accounting system which accumulated cost by account number and broad object codes (i.e., personnel). FAMU did not have procedures to track cost by SCA initiative (i.e., research projects) and staff did not review monthly financial data to ensure that costs were relevant to an objective of the SCA and the amounts charged to the SCA were correct. According to the designated PI, he tried to get the financial data and analyze it but the university would not provide it to him.
- The university grants professors release time from teaching classes to do research if outside funds (i.e., SCA) are available to hire replacement adjunct faculty to pick up the course load. FAMU claimed \$210,511 reimbursement for the release time of 10 professors who worked on SC research projects. Instead of using those funds to hire replacement faculty, the university claimed \$96,993 for the costs of the adjunct faculty to increase

teaching capacity. FAMU staff could not tell us how the release time funds were used to the benefit of the SC or how the adjunct faculty increased teaching capacity.

- FAMU could not show us how much each research project had cost so far, what research accomplishments have benefited ARS, and what graduate students worked on which projects and what they did.

As reported in Findings Nos. 2 and 3, most of the expenditures claimed for reimbursement for the SC were ineligible because research projects were not eligible, teaching capacity was not increased, and equipment purchases were not approved by ARS in advance. In addition, some costs were charged to the SCA in error but were not detected because the SC Director did not periodically review them.

#### Progress Reporting

FAMU was required to submit quarterly performance/progress reports to ARS. The reports FAMU submitted to ARS did not address accomplishments or plans for most of the SCA objectives. The reports were required to (1) compare actual accomplishments with goals established for the reporting period, (2) state the reasons for any slippage in meeting objectives, (3) outline problems encountered or the occurrence of unusual or favorable developments during the period, and (4) briefly summarize work to be accomplished during the next reporting period. Reports should be organized by SCA objective and work activity so that the reviewers can determine that all objectives and work were included and could evaluate accomplishments or lack thereof for each objective.

Between February 2000 and January 2002, FAMU submitted five reports that did not fully address SCA objectives and accomplishment of goals for the reporting period. The first three reports contained several paragraphs on the general accomplishments of the SC but did not provide details. For example, one report contained a statement that, "Graduate students assisted in teaching laboratories and building laboratories of interest. Faculty taught courses, planned research, and purchased some equipment and supplies." The report (1) did not list any goals for these activities during the period; (2) did not provide any details about who were the graduate students and faculty, what courses they taught, what laboratories they helped build and what they did to help build them, what research was planned, what equipment was purchased, and the costs associated with the accomplishments; and (3) did not relate the accomplishments to SCA objectives.

The last two reports did not describe overall accomplishments for the SC. Although the September 25, 2001, report did discuss the research

projects, the USDA members of the Steering Committee found it did not provide enough information to evaluate how the projects contributed to achieving the SCA objective. The reports did not adequately describe the work to be performed in the next progress reporting period because work was described in general terms and no period for accomplishing the work was stated.

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**RECOMMENDATION NO. 1**

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Require FAMU to develop and implement procedures that require expenditures be reviewed and approved by the designated PI before they are submitted for reimbursement.

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**RECOMMENDATION NO. 2**

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Require FAMU to track costs by SCA objective and individual project.

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**RECOMMENDATION NO. 3**

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Require FAMU to submit quarterly progress reports that include accomplishments, reasons for any slippage in meeting objectives, problems encountered, and a summary of

work to be accomplished during the next reporting period.

**ARS Response**

In its March 17, 2003, response to the draft report, ARS stated that it had requested advice and guidance from the Office of the General Counsel (OGC) and would be providing a response to each of the findings and recommendations. (See exhibit F.)

**OIG Position**

The response did not address specific actions planned to implement the recommendations. To accept your management decision, we need details and timeframes for implementing the corrective actions.

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**FINDING NO. 2****FAMU CHARGED INELIGIBLE  
EMPLOYEE EXPENSES TO THE  
SCA**

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FAMU charged the SCA for salaries and associated employee benefits for (1) time its staff spent on ineligible research projects; (2) professors, adjunct instructors, and graduate students who taught core courses without building teaching capacity; and (3) other ineligible work. Before commencing the SC initiatives, FAMU officials did not work

with ARS or the PI in planning the activities and projects to be performed to ensure compliance with the SCA objectives. In addition, they did not review monthly expenditures for propriety. As a result, FAMU charged \$290,628 of questioned salary and benefit costs to the SCA account.

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The primary objective of the SCA<sup>3</sup> was to establish a SC at FAMU that would produce Ph.D. degrees in biology and chemistry to train career agricultural research scientists; partner with ARS to provide experiential learning opportunities for SC graduate students; and develop cooperative research projects of mutual interest with ARS. In addition, the agreement called for capacity building to support the mission of training students in biology, chemistry, and agricultural sciences. The purpose for funding "capacity building" is to strengthen the teaching and research capacity in the food and agricultural science and education system similar to the 1890 Institution Teaching and Research Capacity Building Grants Program<sup>4</sup>. The SCA stated that no administrative costs would be reimbursed and the university would provide staff necessary to support the SC.

As of November 30, 2001, FAMU had charged \$501,319 to the SCA account for personnel costs associated with 48 employees. The charges were for time professional and administrative staff and student assistants spent working on research projects, administrative and teaching duties, and other activities. Our review questioned the propriety of \$290,628 of the \$501,319 in personnel costs and associated benefits charged to the SC account. (See table 2.)

**Table 2**

<b>Personnel Activities</b>	<b>Charges</b>	<b>Questioned</b>
<u>Research Projects</u> - professors/scientists, graduate assistants, and research assistants	\$345,067	\$134,376
<u>Capacity Building Teaching</u> - professors, adjunct instructor, and graduate assistants	96,993	96,993
<u>Administrative/Other</u>	59,259	59,259
<b>Total</b>	<b>\$501,319</b>	<b>\$290,628</b>

Further details are presented below and in exhibits B, C, and D.

- **Personnel Costs Charged for Ineligible SCA Research Projects**

Between February 1, 2000, and November 30, 2001, the SC charged \$345,067 in personnel costs to the SCA for work related to 10 research projects. Of that amount, we questioned \$134,376 (see exhibit B). The funds were questioned because the projects that the personnel worked on did not meet SCA objectives of research in the food and agricultural sciences. The research was primarily in the

<sup>3</sup> SCA No. 58-6615-8-022, Amendment 3, dated February 2, 2000.

<sup>4</sup> USDA, "1890 Institution Teaching and Research, Capacity Building Grants Program Annual Summary, FY 1999," dated September 1999.

biomedical field. FAMU did not consult with ARS and the designated PI as to the eligibility of the projects before commencing work on them.

The majority of the personnel costs charged to research projects were for FAMU professors who worked on the projects. The remainder was spent on graduate students and research assistants who worked with the project leaders. A percentage of the project leaders' salaries and benefits was allowed to be paid from SCA funds in order to release them from part of their academic work so they could conduct the research.

In July 2001, ARS suspended funding for the SC due to concerns regarding the management and direction of SC activities. At that time, ARS entered into a new SCA with FAMU that required all research projects (including existing ones) be jointly planned and reviewed by a Steering Committee that was to be assembled. The projects were to be reviewed for compliance with requirements of the agreement and their benefits to the food and agricultural sciences. The Steering Committee was to consist of ARS and FAMU representatives.

The personnel costs charged for 4 of the 10 projects were questioned because the projects did not meet the objective of the SCA that they benefit the food and agricultural sciences. Prior to December 2000, the SC had dropped one project: "Relations Between Insulin Resistance and Hyperinsulinemia in Rats," (project A) that costs had been charged to. FAMU had determined it did not meet the objectives of the SCA. When the USDA members of the Steering Committee reviewed the September 2001 progress report on the nine remaining projects, they found that the report did not provide sufficient information to determine if they met the objectives of the SCA. The Steering Committee decided that all nine project leaders had to submit a detailed proposal to the Steering Committee for evaluation before continued funding for the projects could be approved. Seven of the nine project leaders submitted proposals for their current projects to the committee. The eighth project leader submitted a new project proposal because he believed his old project, "A Study of Light-Induced Signal Transduction Pathways in Plants and Bacteria" (project B), would not meet SCA objectives. The ninth project leader did not submit a proposal because of health problems.

The Steering Committee did not approve two of the eight project proposals submitted because they did not meet the SCA objectives. The two projects were: "Modeling the Disabling Mechanism of Nisin, an Antimicrobial Peptide Used as a Food Additive," (project C) and "The Biochemical and Nutritional Effect of a DM Tea Blend (from

G.Latifolium Leaves) on NIDDM (Non-Insulin Dependent Diabetes Mellitus)" (project D).

In addition to the four projects not meeting requirements of the SCA, they were not a training ground for graduate assistants interested in careers in food and agricultural sciences--an objective of the SCA. We interviewed graduate student research assistants whose costs were charged to the SC research projects. All the students said they had no interest in pursuing careers in the food and agricultural sciences. One student was pursuing a Ph.D. in pharmacology and the others were pursuing studies in the biomedical field.

Based on the SC staff's determination that projects A and B did not meet SCA objectives, and the Steering Committee's same determination for projects C and D, we questioned the \$134,376 charged to the four projects. The charges included salaries and associated employer taxes and benefits of professors and graduate and research assistants who worked on the four projects. Of the \$134,376, FAMU was reimbursed \$79,308 and was pending reimbursement of another \$55,068 due to the July 2001 suspension of funding. (See exhibit B.)

- **Personnel Costs Charged to the SCA For Building Teaching Capacity That Was Not Obtained**

We questioned the \$96,993 FAMU charged to the SCA account for building teaching capacity. The charges were for professors, adjunct instructors, and graduate students to teach 38 undergraduate classes, 34 of them were first year courses in basic biology and chemistry. None of the courses were in agricultural and food sciences. (See exhibit C.) FAMU officials stated that the teaching expenses were incurred to build capacity under the terms of the SCA. However, the university had no system to measure and track "capacity building" and no documented plan for increasing capacity. Our analysis of the curricula and classes offered showed FAMU had not expanded its teaching capacity.

The term "capacity building" is not clearly defined in the SCA, or in ARS or FAMU policy. "Capacity building" generally means to strengthen the teaching and research capacity of the institution. The SCA states that "capacity building" is necessary for the successful implementation of the SC initiative and that it includes acquisition of equipment and personnel to train scientists in biology, chemistry, and agricultural and food sciences (health, animal sciences, plant sciences, agricultural engineering, natural resources, and aquaculture). According to ARS staff, the agency intended to allow a



broad definition of "capacity building" so that funds could be used for undergraduate courses to increase the university's teaching capacity.

In February 2000, FAMU began charging costs to the SCA for the start of SC operations. Our review of classes for the 1998 through 2001 period showed no increase in the number offered or total enrollment in the courses whose costs were charged to the SCA. Table 3 shows the number of classes offered by FAMU departments, which comprised the SC.

**Table 3**

Number of Classes Offered				
Semester/Year	1998	1999	2000	2001
Fall	185	166	164	149
Spring	178	170	145	143
Summer	37	37	37	42
<b>Total</b>	<b>400</b>	<b>373</b>	<b>346</b>	<b>334</b>

Further analysis showed no increase over prior years in the specific basic courses for which the SCA was charged. Table 4 shows the number of basic biology and chemistry classes taught, enrollment in the courses, and average enrollment per class by school year.

**Table 4**

No. of Classes /Enrollment / Average Enrollment Basic Biology and Chemistry Classes					
Course	Term	1998	1999	2000	2001
BSC 1005 Lab	Spring	13 / 337 / 25.9	13 / 337 / 25.9	<b>11 / 317 / 28.8</b>	11 / 291 / 26.5
	Fall	18 / 350 / 19.4	18 / 380 / 21.1	<b>18 / 379 / 21.1</b>	11 / 291 / 26.5
BSC 1005 Lecture	Spring	5 / 361 / 72.2	5 / 415 / 83.0	<b>5 / 373 / 74.6</b>	5 / 339 / 67.8
BSC 1010 Lab	Fall	18 / 437 / 24.3	18 / 391 / 21.7	<b>18 / 397 / 22.1</b>	17 / 73 / 4.3
BSC 1010 Lecture	Spring	2 / 182 / 91.0	2 / 183 / 91.5	<b>1 / 104 / 104.0</b>	1 / 114 / 114.0
BSC 1011 Lab	Spring	10 / 211 / 21.1	10 / 237 / 23.7	<b>7 / 204 / 29.1</b>	7 / 230 / 32.9
	Fall	3 / 101 / 33.7	3 / 78 / 26.0	<b>3 / 67 / 22.3</b>	3 / 37 / 12.3
BSC 1011 Lecture	Fall	1 / 102 / 102.0	1 / 91 / 91.0	<b>1 / 82 / 82.0</b>	1 / 32 / 32.0
CHM 1030 Lecture	Spring	1 / 37 / 37.0	1 / 24 / 24.0	<b>1 / 26 / 26.0</b>	1 / 45 / 45.0
CHM 1031 Lab	Spring	2 / 48 / 24.0	2 / 32 / 16.0	<b>2 / 53 / 26.5</b>	2 / 39 / 19.5
CHM 1031 Lecture	Spring	1 / 52 / 52.0	1 / 48 / 48.0	<b>1 / 54 / 54.0</b>	1 / 45 / 45.0
CHM 1045 Lab	Spring	12 / 287 / 23.9	12 / 316 / 26.3	<b>18 / 312 / 39.0</b>	<b>18 / 335 / 18.6</b>
	Fall	19 / 339 / 17.8	18 / 312 / 39.0	<b>18 / 315 / 39.4</b>	14 / 30 / 2.1
CHM 1045 Lecture	Spring	5 / 357 / 71.4	5 / 404 / 80.8	<b>5 / 387 / 77.4</b>	5 / 373 / 74.6
CHM 1046 Lab	Spring	11 / 239 / 21.7	11 / 221 / 20.1	<b>11 / 201 / 18.3</b>	<b>11 / 210 / 19.1</b>
Figures in bold are for terms in which "capacity building" costs were charged to the SCA for: BSC 1005 = Biological Science                      CHM 1030 = Introduction to Chemistry for Non-Science Majors BSC 1010 = General Biology I                      CHM 1031 = Organic Chemistry for Non-Science Majors BSC 1011 = General Biology II                      CHM 1045 = General Chemistry I CHM 1046 = General Chemistry II					

We concluded that the university did not use the \$96,993 to increase teaching capacity in biology, chemistry, agricultural and food sciences. Instead of increasing, the number of classes in these subject areas generally declined. (See table 3 and 4.) Therefore, the SCA funds

appear to have offset FAMU's normal operating costs in the biology and chemistry departments rather than increasing teaching capacity.

- **Other Ineligible Employment Costs Charged to the SCA**

FAMU charged \$59,259 to the SCA for prohibited administrative activities and erroneous charges. Details are presented below and in exhibit E.

- \$26,636 was charged to the SCA for costs associated with a dean, clerical assistant, and undergraduate student assistant even though their duties were administrative. The SCA prohibited payment of administrative expenses.
- \$19,203 was erroneously charged for 5 graduate assistants, a research assistant, and an undergraduate student assistant instead of the activities they were employed for as documented in their pay records. Their duties were not related to the SC activities.
- \$5,190 was overpaid to 4 graduate students and an adjunct instructor based on the lower agreed to pay rates documented in their pay records.
- \$5,050 was erroneously paid to 4 graduate students for classes they did not teach.
- \$3,180 was charged to the SCA for 2 undergraduate students who worked as assistants in laboratory classes. The SCA does not provide for assisting undergraduate students.

At the conclusion of our fieldwork, FAMU had been reimbursed \$56,883 of the questioned \$59,259 with the remaining \$2,376 pending reimbursement.

In summary, at the completion of our fieldwork, FAMU had been reimbursed \$233,184 for personnel costs associated with ineligible research projects, teaching and administrative duties, and erroneous charges. Due to the funding suspension, another \$57,444 of ineligible personnel costs were pending reimbursement.

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**RECOMMENDATION NO. 4**

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Recover the \$233,184 reimbursed for ineligible personnel expenses and disallow the \$57,444 pending reimbursement.

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**RECOMMENDATION NO. 5**

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Require FAMU to develop and implement a formal plan to show how SCA funds spent will "build capacity."

**ARS Response**

In its March 17, 2003, response to the draft report, ARS stated that it had requested advice and guidance from OGC and would be providing a response to each of the findings and recommendations. (See exhibit F.)

**OIG Position**

The response did not address specific actions planned to implement the recommendations. To accept your management decision, we need details and timeframes for implementing the corrective actions.

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**FINDING NO. 3****FAMU PURCHASED  
UNAUTHORIZED EQUIPMENT**

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FAMU did not obtain the prior approval of ARS before purchasing 66 items of equipment costing \$269,743. The university did not comply with SCA requirements that it obtain approval from ARS before purchasing the equipment and bypassed the designated PI in the decision-making process. As a result,

36 of the items costing \$131,136 were ineligible because they were used for administrative purposes or for research projects not of mutual interest to ARS. The remaining 30 items costing \$138,607 were for post approved research projects. (See exhibit E.) However, FAMU had not justified the need for each item of equipment to ARS and obtained its approval for the expenditures.

ARS<sup>5</sup> requires that cooperators justify the need for nonexpendable equipment. The justification should show what will be purchased with Federal funds and how it will be used under the agreement. If the need for equipment arises after funds are awarded, the authorized department officer (ADO) must approve the expenditure before the cooperator proceeds with the purchase. ARS<sup>6</sup> relies on the ADO approval to maintain ongoing oversight of expenditures. This mechanism, when working as intended, allows the agency to be an active participant in the agreement and gauge research progress and expenditure propriety.

In April 2000, FAMU began purchasing equipment to be used on research projects. However, it did not work with either ARS or the designated PI to ensure that the projects met the objectives of the SCA (see Finding No. 1). Between April 2000 and August 2001, FAMU charged

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<sup>5</sup> ARS Manual 280.0, Extramural Agreements, Chapter 2100, Section 2101.3, "Preparation of the Request Packages", April 1994.

<sup>6</sup> ARS Manual 280.0, Extramural Agreements, Chapter 1200, Section 1203, "Definitions", and Chapter 2100, "Specific Cooperative Agreements", Section 2103.2.2, "Purchase of Nonexpendable Equipment", April 1994.

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66 nonexpendable equipment items<sup>7</sup> valued at \$269,743 to the SCA account. FAMU did not request ARS approval to purchase the items or consult with the PI regarding the purchases.

Because of concerns about how the SCA was being managed, ARS in cooperation with FAMU established a Steering Committee to assist in the planning, coordination, and review of the research projects. ARS suspended funding on the projects until FAMU submitted justification for them and the Committee determined whether they met the objectives of the SCA. Justifications were not submitted for two projects because FAMU staff believed they would not qualify under the SCA. The committee determined that two other projects did not meet SCA objectives (see Finding No. 1). FAMU had already purchased equipment for three of the four projects.

Our review showed that 36 items purchased for \$131,136 were used for the 3 ineligible research projects and administrative purposes. The other 30 items costing \$138,607 were acquired for post approved research projects but FAMU had not provided ARS with justifications why each item was needed to support the projects (see table 5 and exhibit E).

Table 5

	No. of Items	Cost	Reimbursement	
			Paid	Pending
<b>Ineligible Research Projects</b>	28	\$ 121,808	\$ 105,184	\$ 16,624
<b>Ineligible Administrative Use</b>	8	\$ 9,328	9,328	0
<b>Subtotal</b>	36	\$ 131,136	\$ 114,512	\$ 16,624
<b>Eligible Research Project</b>	30	\$ 138,607	98,438	40,169
<b>Total</b>	66	\$ 269,743	\$ 212,950	\$ 56,793

At the completion of our fieldwork, FAMU had been reimbursed \$114,512 for the 36 ineligible items. Due to ARS' suspension of funding, the remaining \$16,624 was pending reimbursement. Also, FAMU had not provided ARS with post justification to support the \$138,607 charged to the eligible research projects.

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**RECOMMENDATION NO. 6**

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Recover the \$114,512 reimbursed for the 36 ineligible items and disallow the \$16,624 pending reimbursement.

<sup>7</sup> Items with a value of \$1,000 or more are classified as nonexpendable property and inventoried.

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**RECOMMENDATION NO. 7**

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reimbursement of the costs for any items that are not essential and justified.

Evaluate FAMU's post justifications for the 30 items costing \$138,607 and determine if they are essential to support the research projects. Recover and/or disallow

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**RECOMMENDATION NO. 8**

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in the SCA.

Require FAMU to establish procedures that ensure written approval from the ADO is obtained before purchasing any equipment to be reimbursed from SCA funds and not listed

**ARS Response**

In its March 17, 2003, response to the draft report, ARS stated that it had requested advice and guidance from OGC and would be providing a response to each of the findings and recommendations. (See exhibit F.)

**OIG Position**

The response did not address specific actions planned to implement the recommendations. To accept your management decision, we need details and timeframes for implementing the corrective actions.

**FINDING NO. 4**

Since the SC initiative began in February 2000, FAMU had not worked with ARS to develop a strategic plan to address how the multiple objectives of the SCA would be achieved. Although the first 2 years of operations may be characterized as start up, FAMU had allocated no funding to the primary objective of the SCA – development of Ph.D. programs. FAMU had not developed a SC implementation plan that contained (1) priorities, goals, and timeframes for implementation of each objective; (2) statements of the scope of work to meet those goals and timeframes; and (3) a process or methodology for measuring accomplishments and reporting progress in achieving goals. The SCA did not require written plans for achieving the SC objectives. As a result ARS could not determine whether FAMU's level of effort towards accomplishing the SCA objectives was commensurate with the SCA funds it received.

The cooperative agreement is a legal instrument<sup>8</sup> used to form a relationship between USDA and a cooperator. The agreement objectives must serve the mutual interests of both parties in agricultural research, extension, and teaching activities. The SCA between ARS and the cooperator should describe in detail a jointly planned, executed, and funded research program, or project<sup>9</sup>.

The objectives of the SCA<sup>10</sup> with FAMU were to establish a SC that would produce Ph.D. graduates with degrees in biology and chemistry interested in agricultural research careers. Other objectives were to train agricultural research career scientists in the areas of health, food science, animal, plant, and marine sciences; partner with ARS in providing experiential learning opportunities for SC graduate students; and develop and execute cooperative research projects of mutual interest with ARS. The initiative would be implemented in multiple stages. Implementation would include "capacity building" to develop infrastructure (including equipment, supplies, and personnel), establishing state of the art biology and chemistry research laboratories, and cooperating with ARS in developing and performing mutually agreed to research projects.

<sup>8</sup> 7 U.S.C. 3318, "Contract, grant, and cooperative agreement authorities," January 2, 2001

<sup>9</sup> ARS Manual 280.0, Extramural Agreements, Chapter 2100, dated April 1994.

<sup>10</sup> Amendment 3 to SCA number 58-6615-8-022, dated February 2, 2000.

The SCA contained eight objectives for the SC and required FAMU to work closely with ARS in developing plans for accomplishing the objectives. The university had not worked with ARS in planning work to be performed and did not have any written plans for accomplishing the SCA's multiple objectives. Between February 1, 2000, and November 30, 2001, FAMU charged \$853,614 to the SC initiative. Of that amount, \$701,179 (82 percent) related to a single objective – research projects.

At the completion of our fieldwork, FAMU had not started implementing the primary objectives of the SCA. For example:

- Development of doctoral degree granting graduate programs in the SC disciplines of biology, chemistry, and related agricultural sciences – Although this was the primary objective of the SCA, at the completion of our fieldwork, FAMU had not acted on it. FAMU did not have a formal plan for the development of doctoral degree granting programs in the SC disciplines of biology, chemistry, and related agricultural sciences or a joint plan with another school with accredited Ph.D. programs in those fields. The university must develop the academic requirements necessary for obtaining a degree and reasonable timeframes for completing the requirements, determine and procure the amount of human and physical resources needed to support all the requirements, and develop a system of evaluating degree candidates' suitability for award of the degree.
- Recruitment of graduate students committed to obtaining their doctoral degrees in biology, chemistry, and related food agricultural sciences – FAMU did not have a formal plan for recruiting graduate students committed to obtaining their doctoral degrees in biology, chemistry, and related food agricultural sciences or a system to track their progress and costs relative to the SCA objectives. In addition, biology and chemistry Ph.D. candidates would have to pursue the degree at another school because FAMU does not have a doctoral program in those disciplines. The SCA did not state how much of the recruiting effort should be directed at agricultural sciences and how much to biology and chemistry in areas not related to agricultural. In order for its recruiting effort to comply with ARS and SCA requirements, the plan would need to show a level of commitment to producing career agricultural research scientists acceptable to ARS.

Although the years 2000 and 2001 may be characterized as a startup phase for the SC, the number and scope of the objectives require extensive planning. Proper planning should include (1) prioritizing objectives and relating implementation strategies and activities to the accomplishment of each objective, (2) developing goals and timeframes

for accomplishments of the objectives, (3) determining in detail the scope of the work to be accomplished for each activity, (4) financing for activities to be performed, and (5) tracking performance and submitting comprehensive progress reports to ARS.

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**RECOMMENDATION NO. 9**

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Amend the SCA to require that FAMU work with ARS to develop a mutually agreeable SC implementation plan, updated annually, which prioritizes the multiple objectives, strategies, and work to be performed. Require that the plan include goals to be accomplished for each activity, scopes of work to be performed, timeframes for completing the actions planned, and an objective methodology for measuring accomplishments. Suspend further reimbursements until the implementation plan is developed.

**ARS Response**

In its March 17, 2003, response to the draft report, ARS stated that it had requested advice and guidance from OGC and would be providing a response to each of the findings and recommendations. (See exhibit F.)

**OIG Position**

The response did not address specific actions planned to implement the recommendations. To accept your management decision, we need details and timeframes for implementing the corrective actions.



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## EXHIBIT A – SUMMARY OF MONETARY RESULTS

FINDING NUMBER	DESCRIPTION	AMOUNT	CATEGORY
2	Ineligible research projects, teaching, and other cost charged to SCA		
	<ul style="list-style-type: none"> <li>• Paid</li> </ul>	\$233,184	Questioned cost - Recovery recommended
	<ul style="list-style-type: none"> <li>• Pending Reimbursement</li> </ul>	\$57,444	FTBPTBU <sup>1</sup> - Savings
3	Ineligible equipment cost charged to SCA		
	<ul style="list-style-type: none"> <li>• Paid</li> </ul>	\$114,512	Questioned cost - Recovery recommended
	<ul style="list-style-type: none"> <li>• Pending Reimbursement</li> </ul>	\$16,624	FTBPTBU-Savings
3	Equipment purchased without justification	\$138,607	Unsupported cost - Recovery recommended
<b>Total Monetary Result</b>		<b>\$560,371</b>	
<sup>1</sup> Funds to be put to better use.			

## EXHIBIT B – EMPLOYMENT COSTS FOR INELIGIBLE SCA RESEARCH PROJECTS

Code	Project Name	Employee Code	Position	Ineligible Costs		
				Reimbursed	Pending	Total Charged
A	Relations between Insulin Resistance and Hyperinsulinemia in Rats	28	AP	\$ 3,008.83		\$ 3,008.83
B	A Study of Light-Induced Signal Transduction Pathways in Plants and Bacteria	10	AP	\$ 2,846.13	\$ 682.73	\$ 3,528.86
		35	GA	2,344.68		2,344.68
<b>Project Total</b>				<b>\$ 5,190.81</b>	<b>\$ 682.73</b>	<b>\$ 5,873.54</b>
C	Modeling the Disabling Mechanism of Nisin, an Antimicrobial Peptide Used as a Food Additive	6	AP	\$ 3,205.24	\$23,765.71	\$ 26,970.95
		32	GA	15,458.82	1,875.20	17,334.02
<b>Project Total</b>				<b>\$ 18,664.06</b>	<b>\$25,640.91</b>	<b>\$ 44,304.97</b>
D	The Biomechanical and Nutritional Effect of a DM Tea Blend (from G. Latifolium Leaves) on NIDDM (Non-Insulin Dependent Diabetes Mellitus)	1	AP	\$ 16,038.04	\$23,118.27	\$ 39,156.31
		4	GA	15,156.60		15,156.60
		19	GA	12,139.17	1,875.20	14,014.37
		33	GA	16,581.86	1,875.20	18,457.06
		36	GA	12,143.82	1,875.20	14,019.02
<b>Project Total</b>				<b>\$ 72,059.49</b>	<b>\$28,743.87</b>	<b>\$100,803.36</b>
Accounting Adjustments		Not Identified		\$(19,614.77)		\$(19,614.77)
<b>Total for Ineligible SCA Research Projects</b>				<b>\$ 79,308.42</b>	<b>\$55,067.51</b>	<b>\$134,375.93</b>
AP = Assistant Professor (Faculty Project Leader) GA = Graduate Assistant						

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**EXHIBIT C – QUESTIONED ADJUNCT PROFESSOR/INSTRUCTOR  
AND GRADUATE TEACHING ASSISTANT COSTS**

Page 1 of 2

<b>Employee Code</b>	<b>Period Taught</b>	<b>Position</b>	<b>Courses Taught</b>	<b>Payroll Expense</b>
9	08/08/00 - 09/30/00	Graduate Teaching Assistant	BSC 1005, Sec L13	\$ 405.60
18	01/05/00 - 05/01/00	Instructor	BSC 1011, Sec L05	3,689.76
27	01/05/00 - 05/01/00	Instructor	CHM 1030, Sec 001 CHM 1031, Sec 001	5,803.19
17	01/05/00 - 05/01/00	Graduate Teaching Assistant	CHM 1045, Sec L07 CHM 1045, Sec L11	4,001.56
19	01/05/00 - 05/01/00	Graduate Teaching Assistant	CHM 1045, Sec L05 CHM 1045, Sec L08	2,477.64
37	01/05/00 - 05/01/00	Instructor	BSC 2094, Sec L06	4,847.96
23	08/08/00 - 09/30/00	Graduate Assistant	BCH 4033, Sec L05	1,300.27
22	01/05/00 - 05/01/00	Instructor	BSC 1005, Sec 001 BSC 1005, Sec L11	3,885.21
14	01/05/00 - 05/01/00	Instructor	CHM 1031, Sec L01 CHM 1031, Sec L02	5,167.23
3	08/08/00 - 05/07/01	Graduate Teaching Assistant	BSC 1005, Sec L09 BSC 1005, Sec L17	2,177.35
30	01/05/00 - 05/01/00	Instructor	CHM 1045, Sec L03	2,179.38
13	01/05/00 - 05/01/00	Professor	CHM 1045, Sec 002	2,623.38
12	01/05/00 - 05/01/00	Instructor	CHM 1045, Sec 005 CHM 1046, Sec L06 CHM 1046, Sec L08 CHM 1046, Sec L12	18,054.42

<b>Employee Code</b>	<b>Period Taught</b>	<b>Position</b>	<b>Courses Taught</b>	<b>Payroll Expense</b>
40	01/05/00 - 05/01/00 Spring 2000	Graduate Teaching Assistant	CHM 1045, Sec L09 CHM 1046, Sec L07	\$ 3,474.56
	08/08/00 - 09/30/00 10/01/00 - 05/07/01 Fall 2000	Graduate Assistant	CHM 1045, Sec L14 CHM 1045, Sec L19	6,597.48
	10/01/00 - 05/07/01 Spring 2001	Graduate Assistant	CHM 1045, Sec L09 CHM 1046, Sec L07	5,547.61
20	01/05/00 - 05/01/00	Professor	CHM 3121, Sec 001 CHM 3121, Sec L01	7,548.28
15	01/05/00 - 05/01/00	Graduate Teaching Assistant	BSC 1010, Sec 001 BSC 1011, Sec L01	4,037.94
26	08/08/00 - 09/30/00	Assistant Professor	BSC 1010, Sec L03 BSC 1010, Sec L14 BSC 1011, Sec 001 BSC 1011, Sec L02	10,602.41
34	01/05/00 - 05/01/00	Graduate Teaching Assistant	CHM 1045, Sec L04 CHM 1045, Sec L10	2,572.16
<b>Total Ineligible Adjunct Professor/Instructor and Graduate Assistants Cost</b>				<b>\$96,993.39</b>
BCH 4033: Biochemistry I                      CHM 1030: Introduction to Chemistry for Nonscience Majors BSC 1005: Biological Science                CHM 1031: Organic Chemistry for Nonscience Majors BSC 1010: General Biology I                CHM 1045: General Chemistry I BSC 1011: General Biology II                CHM 1046: General Chemistry II BSC 2094: Anatomy and Physiology II      CHM 3121: Advanced Analytical Chemistry				
Section numbers that begin with 0 are lecture classes. Section numbers that begin with L are laboratory classes.				

## EXHIBIT D – OTHER INELIGIBLE EMPLOYMENT COSTS CHARGED TO THE SCA

Error	Employee Code	Position	Ineligible Costs		
			Reimbursed	Pending	Total Charged
Administrative Costs Charged to the SCA	11	CA	\$19,547.72		\$19,547.72
	24	D	4,536.21		4,536.21
	38	SA	2,552.00		2,552.00
<b>Total</b>			<b>\$26,635.93</b>		<b>\$26,635.93</b>
Employee's Expenses Misclassified by Account Number	4	GRA	\$2,477.64		\$2,477.64
	9	GTA	2,346.08		2,346.08
	23	AR	2,353.24		2,353.24
	34	GA	4,997.15		4,997.15
	39	GTA	4,123.52		4,123.52
	41	GA	1,440.00		1,440.00
	45	SA		\$1,465.67	1,465.67
<b>Total</b>			<b>\$17,737.63</b>	<b>\$1,465.67</b>	<b>\$19,203.30</b>
Expenses Charged to the SCA for Work not Performed	3	GTA	\$ 670.76		\$ 670.76
	5	GTA	2,477.64		2,477.64
	16	GA	601.02		601.02
	23	GA	1,300.25		1,300.25
<b>Total</b>			<b>\$5,049.67</b>		<b>\$5,049.67</b>
Employee's Pay in Excess of Agreed Rate for the Assignment Charged to the SCA	3	GTA	\$1,048.35		\$1,048.35
	9	GTA	157.00		157.00
	15	GTA	601.41		601.41
	22	I	2,472.39		2,472.39
	42	GA		\$910.40	910.40
<b>Total</b>			<b>\$4,279.15</b>	<b>\$ 910.40</b>	<b>\$5,189.55</b>
Expenses for Undergraduate Students	25	SA	\$1,680.00		\$1,680.00
	31	SA	1,500.00		1,500.00
<b>Total</b>			<b>\$3,180.00</b>		<b>\$3,180.00</b>
<b>Total Other Ineligible Employment Costs</b>			<b>\$56,882.38</b>	<b>\$2,376.07</b>	<b>\$59,258.45</b>
AR = Assistant in Research      GA = Graduate Assistant      I = Instructor (Adjunct Faculty) CA = Clerical Assistant          GRA = Graduate Research Assistant      SA = Student Assistant D = Dean                                      GTA = Graduate Teaching Assistant					

## EXHIBIT E – QUESTIONED NON-EXPENDABLE EQUIPMENT PURCHASES

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	Primary use of equipment	Description	Cost		
			Reimbursed	Pending	Total
<b>Ineligible Research Project</b>	A Study of Light-Induced Signal Transduction Pathways in Plants and Bacteria	Incubator, Fisher	\$ 1,596		\$ 1,596
		Incubator, Fisher	1,596		1,596
		Incubator/Shaker	5,650		5,650
		Fraction Collector	1,825		1,825
		Gradient Monitor	1,177		1,177
		Chart Recorder	2,265		2,265
		UV Monitor	2,038		2,038
		Unit Gene Pulser	2,900		2,900
		Pump Rack	3,195		3,195
		Gradient Pump		\$ 3,471	3,471
		Fraction Collector		1,955	1,955
		Fraction Collector		1,955	1,955
<b>Project Total</b>			<b>\$ 22,242</b>	<b>\$ 7,381</b>	<b>\$ 29,623</b>
	Modeling the Disabling Mechanism of Nisin, an Antimicrobial Peptide Used as a Food Additive	Computer, 230 S/G	\$ 3,262		3,262
		Computer, Octane S/G			
			25,108		25,108
<b>Project Total</b>			<b>\$ 28,370</b>		<b>\$ 28,370</b>
	The Biochemical and Nutritional Effect of a DM Tea Blend (from G.Latifolium Leaves) on NIDDM (Non-Insulin Dependent Diabetes Mellitus)	Micro centrifuge	\$ 6,733		\$ 6,733
		Fraction Collector	1,373		1,373
		Sonic Dismembrator	1,406		1,406
		Circulator, Digtl	2,381		2,381
		Freezer/Refrigerator	1,820		1,820
		Evaporator, Rotary	2,933		2,933
		Ultra Low Freezer	8,956		8,956
		Vacuum Pump	1,875		1,875
		Chromatography Refrigerator	5,170		5,170
		Power Gen. 1800D		\$ 6,275	6,275
		Sonic Dismembrator		1,790	1,790
		Freeze Dry Vacuum Pump	1,905		1,905
		Saw tooth Generator		1,178	1,178
		Spectrophotometer	20,020		20,020
<b>Project Total</b>			<b>\$ 54,572</b>	<b>\$ 9,243</b>	<b>\$ 63,815</b>
<b>Total Ineligible Projects</b>			<b>\$105,184</b>	<b>\$16,624</b>	<b>\$121,808</b>

	Primary use of equipment	Description	Cost		
			Reimbursed	Pending	Total
<b>Ineligible Administrative Use</b>	General use by the entire Chemistry Department	Copier	\$ 1,299		\$ 1,299
	Chemistry Department faculty member not involved in SC research.	Computer, Gateway-GP71	1,147		1,147
	Chemistry Department faculty member not involved in SC research.	Computer, Gateway-GP71	1,147		1,147
	Chemistry Department faculty member not involved in SC research.	Computer, Gateway-GP71	1,147		1,147
	Chemistry Department faculty member not involved in SC research.	Computer, Gateway-GP71	1,147		1,147
	Chemistry Department secretary	Computer, Gateway-GP71	1,147		1,147
	Chemistry Department secretary	Computer, Gateway-GP71	1,147		1,147
	Chemistry Department Chair	Computer, Gateway 733SE	1,147		1,147
<b>Total Ineligible Administrative</b>			<b>\$ 9,328</b>		<b>\$ 9,328</b>
<b>Total Ineligible Equipment Expenditures</b>			<b>\$114,512</b>	<b>\$16,624</b>	<b>\$131,136</b>

	Primary use of equipment	Description	Cost		
			Reimbursed	Pending	Total
<b>Eligible Research Project - Property Not Approved for Purchase</b>	Detection and Identification of E.Coli 0157:h7 in Goat Herds	Incubator CO2	\$ 5,135		\$ 5,135
		Top-loading Balance	1,150		1,150
		Freezer	5,942		5,942
		Centrifuge, MR231	8,781		8,781
		Micro centrifuge	1,895		1,895
		Eppendorf, Thermal Cyclor	3,350		3,350
		Strata linker	1,512		1,512
		Hybridization Oven	1,850		1,850
		Vacuum Blotter	1,783		1,783
		Freezer/Refrigerator	1,295		1,295
<b>Project Total</b>			<b>\$32,693</b>		<b>\$32,693</b>
Spectroscopic and Biochemical Studies of Plant Signal Transduction Mechanisms	Econ Pump	\$ 1,800		\$ 1,800	
	Computer, Gateway 733SE	1,147		1,147	
	Computer, Gateway 733SE	1,147		1,147	
<b>Project Total</b>			<b>\$ 4,094</b>		<b>\$ 4,094</b>
Laser Remote Sensing of Pesticides and Metallic Contaminants	Dual Power EPM Meter	\$ 1,924		\$ 1,924	
	Spectrometer, Fiber Optic	3,844		3,844	
	Computer, Gateway M9333U/G	2,659		2,659	
	Labview Systems for Windows	1,577		1,577	
	Spectrometer, Pro-3001	16,863		16,863	
	Computer, Laptop Apple		\$ 3,570	3,570	
	SYS., Detector		24,396	24,396	
<b>Project Total</b>			<b>\$26,867</b>	<b>\$27,966</b>	<b>\$54,833</b>
Agricultural Applications of Carbon Nanotubes	Top-loading Balance	\$ 1,638		\$ 1,638	
	Buchl Evap Plast	2,696		2,696	
	Circulator	1,500		1,500	
	Glovebox	13,073		13,073	
	Computer, Gateway-GP71	1,147		1,147	
	Assem Magnet Bore		\$12,203	12,203	
<b>Project Total</b>			<b>\$20,054</b>	<b>\$12,203</b>	<b>\$32,257</b>



	Primary use of equipment	Description	Cost		
			Reimbursed	Pending	Total
<b>Eligible Research Project - Property Not Approved for Purchase</b>	Territorial Competition Among Foraging Workers of an Enclosed Laboratory Community of Colonies of the Red Imported Fire Ant	200m Microscope	\$ 1,150		\$ 1,150
		Plant Growth Chamber	8,999		8,999
	<b>Project Total</b>		<b>\$ 10,149</b>		<b>\$ 10,149</b>
	Solution Structure of the Pepsin Inhibitor PI-3	Software-Mathematica for SGI	\$ 2,011		\$ 2,011
	<b>Project Total</b>		<b>\$ 2,011</b>		<b>\$ 2,011</b>
	Shared Use by All Projects as Necessary	Ice Machine	\$ 2,570		\$ 2,570
<b>Total Property Not Approved for Purchase</b>			<b>\$ 98,438</b>	<b>\$40,169</b>	<b>\$138,607</b>
<b>Total Questioned Property Purchased for SCA</b>			<b>\$212,950</b>	<b>\$56,793</b>	<b>\$269,743</b>

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## EXHIBIT F – ARS RESPONSE TO THE DRAFT REPORT

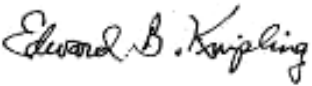


United States Department of Agriculture  
Research, Education, and Economics  
Agricultural Research Service

MAR 17 2003

SUBJECT: Florida Agriculture and Mechanical University  
Specific Cooperative Agreement for Establishment of a Science Center

TO: Richard D. Long  
Assistant Inspector General for Audit, OIG  
ATTN: 02007-1-At

FROM: Edward B. Knipling   
Acting Administrator

The Agricultural Research Service (ARS) has reviewed the draft audit report. To ensure that we fully appreciate the legal implications of the Office of Inspector General (OIG) recommendations, we have requested a review of the draft audit report by the Office of General Counsel (OGC). Upon receipt of advice and guidance from the OGC, ARS will provide a more detailed response to each of the OIG findings and recommendations.

If you have any questions or need additional information, please contact Curtis Wilburn, Director, Extramural Agreements Division on (301)-504-1147.

cc:  
J. Bradley, AFM  
J. Garbarino, BPMS  
K. Narang, SAA



Office of the Administrator  
1400 Independence Avenue, SW • Room 302-A • Jamie L. Whitten Federal Building  
Washington, DC 20250-0300  
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Informational copies of this report have been distributed to:

Agency Liaison Officer, ARS (6)

General Accounting Office (1)

Office of the Chief Financial Officer (1)

Farm and Foreign Agricultural Division (6)