

# **Cancer Prevention & Research Institute of Texas**

IA # 06 -18 Internal Audit Follow-Up Procedures

Report over Pre-Award Grant Management

Report Date: April 24, 2018

Issued: May 10, 2018

# CONTENTS

Page

Internal Audit Report Transmittal Letter  
to the Oversight Committee..... 1

Background..... 2

Follow-Up Procedures Objective and Scope ..... 2

Executive Summary ..... 2

Conclusion ..... 3

Detailed Procedures Performed, Findings, Recommendations  
and Management Response ..... 4

Appendix ..... 7



The Oversight Committee  
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This report presents the results of the internal audit follow-up procedures performed for the Cancer Prevention and Research Institute of Texas (CPRIT) during the period April 10, 2018, through April 24, 2018 relating to the findings from the 2017 Internal Audit Report over Pre-Award Grant Management, dated April 19, 2017.

The objective of these follow-up procedures was to validate that adequate corrective action has been taken in order to remediate the issue identified in the 2017 Internal Audit Report over Pre-Award Grant Management.

To accomplish this objective, we conducted interviews with key personnel responsible for Pre-Award Grant Management. We also reviewed documentation and performed specific testing procedures to validate actions taken. Procedures were performed at the Cancer Prevention and Research Institute of Texas office and were completed on April 24, 2018.

The following report summarizes the findings identified, risks to the organization, recommendations for improvement and management's responses.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
April 24, 2018

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## **Background**

In 2017, internal audit procedures over CPRIT's Pre-Award Grant Management process were completed and reported to the Oversight Committee. The internal audit report over CPRIT's Pre-Award Grant Management procedures and activities identified three areas for improvement related to reviewing availability of grant funds for accuracy, ensuring Post Review Statements are completed by Scientific Research and Prevention Programs Committee (SRPPC) panel chairs to disclose conflicts of interest, and reviewing user access for the CSRA SharePoint site.

The 2018 Internal Audit Plan included performing procedures to validate that CPRIT management has taken steps to address the internal audit finding.

## **Follow-Up Procedures Objective and Scope**

The follow-up procedures focused on the remediation efforts taken by CPRIT management to address the finding included in the 2017 Internal Audit Report over Pre-Award Grant Management, and to validate that appropriate corrective action had been taken. The 2017 report identified the following findings:

- The responsibility to review the updated Available Grant Funds Monitoring spreadsheet is not assigned to a specific individual within CPRIT.
- For two out of 40 applications tested, we were unable to verify that the panel chair completed the Post-Review Statement at the completion of the SRPPC panel meeting.
- Two CPRIT employees and one CSRA employee had active user IDs in the CSRA SharePoint portal after they separated employment from their respective organization.

Our follow-up procedures included the following:

- Verification that the available grant fund spreadsheets are reviewed for completeness and accuracy.
- Verification that each SRPPC panel chair discloses conflicts of interest by completing a Post Review Statement after meeting with their panel.
- Verification that the user access permissions to the CSRA SharePoint are appropriately restricted based on job titles and responsibilities.

## **Executive Summary**

The findings from the 2017 Internal Audit Report over Pre-Award Grant Management include non-compliance issues with CPRIT policies and procedures, rules and regulations required by law, or where there is a lack of procedures or internal controls in place to cover risks to CPRIT. These issues could have financial or operational implications.

We evaluated the corrective action of all three internal audit findings identified in the 2017 Internal Audit Report over Pre-Award Grant Management.

# Cancer Prevention and Research Institute of Texas

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Procedures included interviews, reviews of documentation, observations and testing to determine if remediation efforts were completed. We determined that all three findings were fully remediated.

Risk Rating	Finding	Remediated	Open
High	1	1	-
Moderate	2	2	-
Low	-	-	-
<b>Total</b>	<b>3</b>	<b>3</b>	<b>-</b>

A summary of our results, by audit objective, is provided in the table below. See the Appendix for an overview of the Assessment and Risk Ratings.

<b>FOLLOW-UP ASSESSMENT</b>	<b>STRONG</b>
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SCOPE AREA	RESULT	RATING
<b>Objective:</b> Validate that adequate corrective action has been taken in order to remediate the issues identified in the 2017 Internal Audit Report over Pre-Award Grant Management.	We identified that procedures implemented by management adequately addressed and remediated the prior open finding.	<b>STRONG</b>

## Conclusion

Based on our evaluation, CPRIT management has made satisfactory effort to remediate the finding from the 2017 internal audit report. We recommend continued diligence in maintaining internal controls over internal agency compliance processes.

**Detailed Procedures Performed, Findings,  
Recommendations and Management  
Response**

# Cancer Prevention and Research Institute of Texas

IA # 06 -18 Internal Audit Follow-Up Procedures Report over

Pre-Award Grant Management

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## Detailed Procedures Performed, Findings, Recommendations and Management Response

Our procedures included interviewing key personnel, examining existing documentation or communication, and performing test procedures to validate corrective actions taken. In addition, we evaluated the existing policies, procedures and processes.

### Objective: Validate Remediation

Validate that adequate corrective action has been taken in order to remediate the issues identified in the 2017 Internal Audit Report over Pre-Award Grant Management.

#### Finding 1 – HIGH – Available Grant Funds Monitoring

The responsibility to review the updated Available Grant Funds Monitoring spreadsheet is not assigned to a specific individual within CPRIT. The spreadsheet is updated by the Chief Operating Officer prior to each Oversight Committee meeting and is emailed to the officers and managers of each program for review. However, there is not a specifically designated employee within the agency who has the responsibility to perform a detailed review of the grant awards against the award slates or a review of the award declines against supporting documentation for each update.

We identified that the FY 2016 Available Grant Funds Monitoring spreadsheet was incomplete due to the omission of \$13,050,420 in grant awards from the Announced Grant Awards in the spreadsheet and an omitted correction totaling \$19,427. The total error resulted in an understatement of grant awards of \$13,069,847.

**Procedures Performed:** We verified that available grants funds were monitored by management and were secondarily reviewed by the Operations Manager after each update. We selected a sample of four grant funding spreadsheets and determined that all were accurate and appropriately reviewed.

**Results:** Finding remediated.

#### Finding 2 – MODERATE – Missing Post-Review Statement

For two out of 40 applications tested, we were unable to verify that the panel chair completed the Post-Review Statement at the completion of the SRPPC panel meeting. Both of these applications were reviewed at the 16.2 Clinical & Translational Cancer Research and Translational Cancer Research SRPPC panel meeting on March 9, 2016, through March 10, 2016. The 40 applications tested were associated with 21 review panels composed of 340 SRPPC members. The Clinical & Translational Cancer Research and Translational Cancer Research Panel contained 32 SRPPC members, for whom 31 Post Review Statements were provided. However, CPRIT was unable to provide the Post-Review Statement for the panel chair.

# Cancer Prevention and Research Institute of Texas

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**Procedures Performed:** We verified that each Panel Chair Member discloses conflicts of interest by signing a Post-Statement Conflict of Interest after each Panel meeting.

We selected a sample of eight out of 18 Panel meetings that were held during the period from September 1, 2017 to March 31, 2018. We verified that all Panel Chairs submitted a Post-Review Conflict of Interest after each Panel meeting.

**Results:** Finding remediated.

### **Finding 3 – MODERATE – Separated Employee User Access**

We identified that two CPRIT employees and one CSRA employee had active user IDs in the CSRA SharePoint portal after they separated employment from their respective organization. The CPRIT employees' user IDs were deactivated prior to April 2017. Their access was removed 909 days and 302 days after their separation date. However, the CSRA employee still has an active user ID on the SharePoint site. Passwords for the user accounts are automatically reset every six months due to a CSRA configuration for the SharePoint site. Further, in order for any CPRIT employee to access CPRIT data, the employee must have access to CPRIT email in order to reset the password.

**Procedures Performed:** We verified that the user access to the CSRA SharePoint is appropriately restricted based on job titles and responsibilities.

We reviewed all 48 active users and six terminated users and determined that the user IDs had appropriate access based on the employees' job title and responsibilities. In addition, we ensured that access for terminated employees was deactivated in a timely manner.

**Results:** Finding remediated.



# Appendix

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The appendix defines the approach and classifications utilized by Internal Audit to assess the residual risk of the area under review, the priority of the findings identified, and the overall assessment of the procedures performed.

## Report Ratings

The report rating encompasses the entire scope of the engagement and expresses the aggregate impact of the exceptions identified during our test work on one or more of the following objectives:

- Operating or program objectives and goals conform with those of the agency
- Agency objectives and goals are being met
- The activity under review is functioning in a manner which ensures:
  - Reliability and integrity of financial and operational information
  - Effectiveness and efficiency of operations and programs
  - Safeguarding of assets
  - Compliance with laws, regulations, policies, procedures and contracts

The following ratings are used to articulate the overall magnitude of the impact on the established criteria:

### Strong

The area under review meets the expected level. No high risk rated findings and only a few moderate or low findings were identified.

### Satisfactory

The area under review does not consistently meet the expected level. Several findings were identified and require routine efforts to correct, but do not significantly impair the control environment.

### Unsatisfactory

The area under review is weak and frequently falls below expected levels. Numerous findings were identified that require substantial effort to correct.

# Cancer Prevention and Research Institute of Texas

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## Risk Ratings

Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The area under audit has been assessed from a residual risk level utilizing the following risk management classification system.

### High

High risk findings have qualitative factors that include, but are not limited to:

- Events that threaten the agency's achievement of strategic objectives or continued existence
- Impact of the finding could be felt outside of the agency or beyond a single function or department
- Potential material impact to operations or the agency's finances
- Remediation requires significant involvement from senior agency management

### Moderate

Moderate risk findings have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of the agency
- Impact could be felt outside of the agency or across more than one function of the agency
- Noticeable and possibly material impact to the operations or finances of the agency
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior agency management to be updated

### Low

Low risk findings have qualitative factors that include, but are not limited to:

- Events that do not directly threaten the agency's strategic priorities
- Impact is limited to a single function within the agency
- Minimal financial or operational impact to the organization
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk