

CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

FISCAL YEAR 2017 ANNUAL INTERNAL AUDIT REPORT

AUGUST 31, 2017

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I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site

Texas Government Code, Section 2102.015 requires state agencies and higher education institutions, as defined in the statute, to post their Internal Audit Plan, Internal Audit Annual Report, and other audit information on the Internet.

The Cancer Prevention and Research Institute of Texas (CPRIT or the agency) will post this report and its Fiscal Year 2018 Internal Audit Plan on its website at www.cprit.state.tx.us by August 31, 2017. CPRIT's Oversight Committee reviewed and approved the Annual Internal Audit Report as part of their regular meeting held on August 16, 2017.

CPRIT will update its posting with a detailed summary of the weaknesses, deficiencies, wrongdoings or other concerns raised by performance of the audit plan as they are identified or by November 1, 2018. CPRIT will also update the posting with the corrective action taken to address any issues identified.

II. Internal Audit Plan for Fiscal Year 2017

The internal audits planned and performed for fiscal year 2017 were selected to address the agency's highest risk areas, based on the risk assessment process conducted during the fall of 2013, which included input from CPRIT management. The audits conducted during fiscal year 2017 are listed below.

Internal Audit	Report #	Report Date	Current Status
Internal Audit over Training	IA #01-17	February 6, 2017	The report was issued March 10, 2017. Follow-up procedures to verify that corrective action has been performed are included in the proposed 2018 Internal Audit Plan.
Internal Audit over Internal Agency Compliance	IA #02-17	February 24, 2017	The report was issued April 17, 2017. Follow-up procedures to verify that corrective action has been performed are included in the proposed 2018 Internal Audit Plan.
Internal Audit over Pre-Award Grant Management	IA #03-17	April 19, 2017	The report was issued May 30, 2017. Follow-up procedures to verify that corrective action has been performed are included in the proposed 2018 Internal Audit Plan.
Internal Audit over Procurement and P-Card	IA #04-17	June 21, 2017	The report was issued August 4, 2017. Follow-up procedures to verify that corrective action has been performed are included in the proposed 2018 Internal Audit Plan.

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Internal Audit	Report #	Report Date	Current Status
Internal Audit Follow-Up over Information Security	IA #05-17	March 9, 2017	The report was issued May 30, 2017. Follow-up procedures to verify that corrective action has been performed on the remaining open findings are included in the proposed 2018 Internal Audit Plan.
Internal Audit Follow-Up over Revenue	IA #06-17	June 21, 2017	The report was issued July 13, 2017. All prior findings were remediated.
Internal Audit Follow-Up over Cash Management	IA #07-17	June 21, 2017	The report was issued July 13, 2017. All prior findings were remediated.
Internal Audit Follow-Up over Commodity and Service Contracts	IA #08-17	June 21, 2017	The report was issued July 13, 2017. All prior findings were remediated or closed.

III. Consulting Services and Nonaudit Services Completed

As defined in the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and the Government Auditing Standards, 2011 Revision, Sections 3.33 – 3.58, CPRIT completed the following consulting and non-audit services for FY 2017:

Weaver consulted with CPRIT to update the agreed upon procedures issued in 2016 that detail the required audit steps to be completed for CPRIT grant recipients by an independent auditor to satisfy the State Single Audit requirements and CPRIT policies and procedures.

Other consulting and nonaudit services were provided by Grant Thornton, Business and Financial Management Solutions, LLC (BFMS), and CohnReznick LLP. CPRIT engaged Grant Thornton and BFMS as the third parties to observe each in-person and telephone conference Peer Review Panel meeting and ensure compliance with conflict of interest and staff participation requirements. CohnReznick LLP was engaged by CPRIT to perform grant compliance monitoring services to ensure that CPRIT grant recipients are in compliance with Texas Uniform Grant Management Standards and CPRIT policies and procedures.

Grant Thornton and BFMS issued the following reports during fiscal year 2017:

FY2017 Third Party Observer Reports

Review Panel	Report #	Report Date	Observer	Status
Product Development				
17.1 PDP-1 Screening	2016-09-22-PDEV	September 28, 2016	Grant Thornton	Complete
17.1 PDP-2 Screening	2016-09-23-PDEV	September 28, 2016	Grant Thornton	Complete
16.2 PDRC/due diligence	2016-10-17-PDEV	October 25, 2016	Grant Thornton	Complete
17.1 PDP-1 in person	2016-10-25-PDEV	November 3, 2016	Grant Thornton	Complete
17.1 PDP-2 in person	2016-10-26/27-PDEV	November 4, 2016	Grant Thornton	Complete
17.1 Due Diligence/PDRC	2016-09-22-PDEV	January 20, 2017	BFMS	Complete

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Review Panel	Report #	Report Date	Observer	Status
Academic Research				
17.2 PDP 1 -screening	2017-01-17-DD_PDR_17.1	March 28, 2017	BFMS	Complete
17.2 PDP 2-screening	2017-03-28-DD_PDR_17.2.1	March 29, 2017	BFMS	Complete
17.2 PDP 1-in person review	2017-03-29-DD_PDR_17.2.2	April 25, 2017	BFMS	Complete
17.2 PDP 2-in person review	2017-04-25-DD_PDR_17.2.1	April 26, 2017	BFMS	Complete
17.2 Due Diligence/PDRC	2017-04-26-DD_PDR_17.2.2	July 12, 2017	BFMS	Complete
17.1 and 17.2 SRC recruitment	2016-09-15-RES	September 20, 2016	Grant Thornton	Complete
SRC (16.10-12 recruits and 17.1 CRSA-CR)	2016-09-01-RES	September 4, 2016	Grant Thornton	Complete
17.1 BCR-1	2016-09-21-RES	September 28, 2016	Grant Thornton	Complete
17.1 BCR-2	2016-09-22-RES	September 28, 2016	Grant Thornton	Complete
17.1 Cancer Biology	2016-09-23-RES	September 28, 2016	Grant Thornton	Complete
17.1 Imaging and Technology	2016-09-26-RES	October 5, 2016	Grant Thornton	Complete
17.1 Cancer Prevention	2016-09-28-RES	October 5, 2016	Grant Thornton	Complete
17.1 Clinical and Translational Research	2016-09-27-RES	October 5, 2016	Grant Thornton	Complete
SRC 17.1 Research applications	2016-10-13-RES	October 24, 2016	Grant Thornton	Complete
17.5-6 Recruits/SRC	2017-01-12-REC_17.5-6	January 17, 2017	BFMS	Complete
17.7-.8 Recruits/SRC	2017-03-22-REC_17.7-8	March 22, 2017	BFMS	Complete
17.9 Recruits/SRC	2017-04-22-REC_17.9	April 22, 2017	BFMS	Complete
17.2 BCR-1	2017-04-20_BCR_17.2	April 20, 2017	BFMS	Complete
17.2 BCR-2	2017-04-24_BCR_17.2	April 24, 2017	BFMS	Complete
17.2 Cancer Biology	2017-04-19_CB_17.2	April 19, 2017	BFMS	Complete
17.2 Imaging and Technology	2017-04-27_ITI_17.2	April 27, 2017	BFMS	Complete
17.2 Clinical and Translational Research	2017-04-25_C/TCR_17.2	April 25, 2017	BFMS	Complete
SRC 17.10 Recruits	2017-05-11_SRC_17.10	May 11, 2017	BFMS	Complete
17.2 SRC	2017-07-13_SRC_17.2	July 13, 2017	BFMS	Complete
17.11 SRC Recruits	2017-06-15_REC_17.11	June 15, 2017	BFMS	Complete
17.12 SRC recruits	2017-07-13_REC_17.12	July 13, 2017	BFMS	Complete
Prevention				
17.1 Panel 1	2016-12-05- PREV	December 13, 2016	BFMS	Complete
17.1 Panel 2	2016-12-07- PREV	December 13, 2016	BFMS	Complete
17.1 PRC	2017-01-2_PRC_17.1	January 23, 2017	BFMS	Complete
17.2 Panel 1	2017-06-1- PREV	June 1, 2017	BFMS	Complete
17.2 Panel 2	2017-06-02- PREV	June 2, 2017	BFMS	Complete
17.2 PRC	2017-07-06_PRC_17.2	July 6, 2017	BFMS	Complete

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CohnReznick issued the following reports during fiscal year 2017:

CohnReznick FY2017 Grant Compliance Monitoring Reports

Report Name	Report #	Report Date	Current Status
Asian American Health Coalition of Greater Houston (dba Hope Clinic)	PP140205	October 4, 2016	Six findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	DP150083	January 30, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	PP130070	October 7, 2016	Completed. No findings identified.
Baylor College of Medicine	PP130084	October 26, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	PP140028	January 9, 2017	Completed. No findings identified.
Baylor College of Medicine	RP130315	November 16, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP130368	November 16, 2016	Completed. No findings identified.
Baylor College of Medicine	RP130485	November 16, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP130573	November 16, 2016	Completed. No findings identified.
Baylor College of Medicine	RP130588	November 16, 2016	Completed. No findings identified.
Baylor College of Medicine	RP130651	November 16, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP140001	December 20, 2016	Completed. No findings identified.
Baylor College of Medicine	RP140179	January 9, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP140181	October 5, 2016	Completed. No findings identified.
Baylor College of Medicine	RP140223	November 28, 2016	Completed. No findings identified.

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Report Name	Report #	Report Date	Current Status
Baylor College of Medicine	RP140252	February 17, 2017	Completed. No findings identified.
Baylor College of Medicine	RP140258	December 22, 2016	Completed. No findings identified.
Baylor College of Medicine	RP140350	November 28, 2016	Completed. No findings identified.
Baylor College of Medicine	RP140456	January 9, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP140469	December 22, 2016	Completed. No findings identified.
Baylor College of Medicine	RP140553	January 9, 2017	Completed. No findings identified.
Baylor College of Medicine	RP140616	December 20, 2016	Completed. No findings identified.
Baylor College of Medicine	RP140767	December 22, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP140784	February 6, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP150032	April 19, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP150081	June 12, 2017	Completed. No findings identified.
Baylor College of Medicine	RP150129	June 16, 2017	Completed. No findings identified.
Baylor College of Medicine	RP150197	March 1, 2017	Completed. No findings identified.
Baylor College of Medicine	RP150232	March 22, 2017	Completed. No findings identified.
Baylor College of Medicine	RP150292	March 3, 2017	Completed. No findings identified.
Baylor College of Medicine	RP150334	June 16, 2017	Completed. No findings identified.
Baylor College of Medicine	RP150440	March 13, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.

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Report Name	Report #	Report Date	Current Status
Baylor College of Medicine	RP150451	March 14, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor College of Medicine	RP160345	June 28, 2017	Completed. No findings identified.
Baylor College of Medicine	RP160384	June 16, 2017	Completed. No findings identified.
Baylor College of Medicine	RP160451	June 28, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Baylor Research Institute	RP110553-P5	November 28, 2016	Four findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Baylor University	R1309	April 3, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
CerRx, Inc.	CP130023	April 19, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
ESSA Pharma Inc.	CP130020	October 7, 2016	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Formation Biologics	DP150039	October 28, 2016	Four findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Immatics Biotechnologies	DP150029	March 16, 2017	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Kalon Biotherapeutics, LLC	CP120038	December 2, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Legacy Community Health Services	PP140208	October 4, 2016	Completed. No findings identified.
MHMR of Tarrant County	PP120216	October 7, 2016	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
MHP, Inc. Promoviendo Vidas Saludables	PP150078	October 7, 2016	Completed. No findings identified.

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Report Name	Report #	Report Date	Current Status
Nuviant Medical Inc.	DP150005	February 17, 2017	Five findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
OncoNano Medicine	DP140072	June 13, 2017	Five findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Pulmotect, Inc.	CP120014	January 10, 2017	Four findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Rice University	R1226	January 10, 2017	Completed. No findings identified.
Rice University	R1226	July 12, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Rice University	RP160460	June 16, 2017	Completed. No findings identified.
Texas A&M Engineering Experiment Station	RP150421	March 10, 2017	Five findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Texas A&M University Health Science Center Institute of Biosciences and Technology	RP110532-P2	February 17, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
Texas A&M University System Health Science Center	DP150086	June 12, 2017	Five findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Texas Department of State Health Services	PP120029	September 15, 2016	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Texas Tech University	RP130624	October 28, 2016	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Texas Tech University Health Science Center at El Paso	PP140164	September 19, 2016	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Texas Tech University Health Science Center at El Paso	PP140164	May 8, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
Texas Tech University Health Sciences Center	PP140033	July 14, 2017	Completed. No findings identified.

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Report Name	Report #	Report Date	Current Status
The Bridge Breast Network	PP140026	October 4, 2016	Completed. No findings identified.
The Methodist Hospital Research Institute	DP150099	June 29, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The Methodist Hospital Research Institute	RP160501	October 7, 2016	Completed. No findings identified.
The University of North Texas Health Science Center at Fort Worth	DP150091	March 29, 2017	Four findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas at Austin	DP150061	November 9, 2016	Completed. No findings identified.
The University of Texas at Austin	RP130219	October 28, 2016	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas at Austin	RP130372	November 9, 2016	Completed. No findings identified.
The University of Texas at Austin	RP130412	November 9, 2016	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas at Austin	RP130702	November 16, 2016	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas at Austin	RP140108	November 9, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas at Austin	RP140648	January 9, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas at Austin	RP140842	February 7, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas at Dallas	RP120717-P4	April 27, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas at Dallas	RP140517	January 30, 2017	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.

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The University of Texas Health Science Center at Houston	DP150065	January 30, 2017	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at Houston	DP150093	January 30, 2017	Four findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at Houston	PP130075	November 9, 2016	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at Houston	PP160051	February 17, 2017	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at Houston	R1215	January 9, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at Houston	RP130059	November 14, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at Houston	RP150230	March 10, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at San Antonio	DP150055	March 1, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at San Antonio	DP150096	March 23, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at San Antonio	PP150079	March 17, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at San Antonio	RP120867	December 6, 2016	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at San Antonio	RP140105	November 9, 2016	Completed. No findings identified.
The University of Texas Health Science Center at San Antonio	RP140452	February 17, 2017	Completed. No findings identified.
The University of Texas Health Science Center at San Antonio	RP150166	March 1, 2017	Completed. No findings identified.

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The University of Texas Health Science Center at San Antonio	RP150445	June 13, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at San Antonio	RP150574	November 28, 2016	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas Health Science Center at San Antonio	RP160124	June 13, 2017	Completed. No findings identified.
The University of Texas M.D. Anderson Cancer Center	DP150059	March 30, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas M.D. Anderson Cancer Center	RP160232	April 18, 2017	One finding identified. Remediation of the finding was confirmed within 60 days of the issuance of the report.
The University of Texas M.D. Anderson Cancer Center	RP160237	April 18, 2017	Two findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas M.D. Anderson Cancer Center	RP160739	July 7, 2017	Completed. No findings identified.
The University of Texas M.D. Anderson Cancer Center	RR140012	July 7, 2017	Completed. No findings identified.
The University of Texas Southwestern Medical Center	RP150053	April 27, 2017	Three findings identified. Remediation of the findings was confirmed within 60 days of the issuance of the report.
The University of Texas Southwestern Medical Center	RP160622	April 4, 2017	Completed. No findings identified.
The University of Texas Southwestern Medical Center	RP160713	July 27, 2017	Completed. No findings identified.
The University of Texas Southwestern Medical Center	RR150074	April 5, 2017	Completed. No findings identified.
The University of Texas Southwestern Medical Center	RR150076	April 5, 2017	Completed. No findings identified.

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IV. External Quality Assurance Review

In accordance with professional standards, and to meet the requirements of the Texas Internal Auditing Act, Internal Audit is required to undergo an external quality assurance review at least once every three years. Weaver's review was performed in October 2016.



System Review Report

To the Partners of Weaver and Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Weaver and Tidwell, L.L.P. has received a peer review rating of *pass*.



Eide Bailly LLP
October 7, 2016

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V. Internal Audit Plan

The Internal Audit Plan was submitted to the Audit Subcommittee of the CPRIT Oversight Committee. The Audit Subcommittee approved the plan on August 7, 2017, and the Oversight Committee subsequently approved the plan on August 16, 2017. Below is the Fiscal Year 2018 Internal Audit Plan submitted to the agency's Oversight Committee based on the results of the 2016 Internal Audit Risk Assessment Update. The approved internal audit plan was submitted to the State Auditor's Office prior to November 1, 2017.

Fiscal Year 2018 Internal Audit Plan		
Audit Area	2016 Risk Rating	Estimated Hours
Post-Award Grant Monitoring	High	240-260
Grant Contracting	Moderate	
State Reporting	Moderate	220-250
Information Technology Services	High	230-250
Communications	Moderate	220-250

Planned follow-up procedures for fiscal year 2017 to verify and communicate with Management the remediation efforts of prior Internal Audit Recommendations.

Fiscal Year 2018 Follow-up Procedures		
Audit Area	2016 Risk Rating	Estimated Hours
Procurement and P-Cards	High	60-80
Pre-Award Grant Management	High	60-80
Training	Moderate	60-80
Internal Agency Compliance	Moderate	40-60
Information Security	High	80-100

The 2016 Internal Audit Risk Assessment Update resulted in nine Significant Activities rated as "High" risk. Three of the nine Significant Activities are not included in the Fiscal Year 2018 Internal Audit Plan. Those risks are as follows:

1. **Commodity and Service Contracts** – Commodity and Service Contracts was not included in the 2018 Internal Audit Plan. Commodity and Service Contracts was included in the 2016 Internal Audit Plan, and was included in 2017 Follow-Up Procedures.
2. **Disaster Recovery and Business Continuity Planning** – Disaster Recovery and Business Continuity Planning was not included in the 2018 Internal Audit Plan.
3. **Governance** – Governance was not included in the 2018 Internal Audit Plan. Governance was included in the 2014 Internal Audit Plan, and was included in 2015 Follow-Up Procedures.

VI. External Audit Services Procured in FY 2017

CPRIT engaged McConnell & Jones, LLP, a certified public accounting and consulting firm, as their external auditors for FY 2017. McConnell & Jones, LLP is registered with the Public Company Auditor Oversight Board (PCAOB).

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VII. Reporting Suspected Fraud, Waste and Abuse

- CPRIT contracts with Red Flag Reporting to provide a confidential hotline for reporting fraud, waste and abuse. The agency has posted a link on its home page at www.cprit.state.tx.us and also has a dedicated page to fraud prevention and reporting on its website at <http://www.cprit.state.tx.us/about-cprit/fraud-prevention/>.
- The CPRIT Chief Compliance Officer is the designated staff member within the agency to receive written or verbal allegations of suspected fraud, waste, and abuse. The Chief Compliance Officer has the authority to examine and investigate those allegations and turn over information of verified instances of fraud, waste, or abuse to the State Auditor's Office.