

## CPRIT's IMPLEMENTATION PLAN - STATE AUDITOR'S RECOMMENDATIONS

All SAO recommendations include the page number of the SAO report

Updated June 30, 2014

Rec.		Status	Date
<b>Chapter 1A - CPRIT Should Ensure That All Grant Decisions Are Free from Real or Apparent Conflicts of Interest</b>			
01 pg 8	<p><b>Recommendation:</b> Establish and implement rules that prohibit the CEO from discussing grant recommendations with individual members of the oversight committee before presenting those recommendations to the full Oversight Committee.</p>	<b>Fully Implemented</b>	02/2014
	<p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 prohibiting discussion between individual members of the Oversight Committee and the Program Integration Committee (PIC) until the PIC recommendations are presented to the full Oversight Committee. The process established by the adopted rule was followed for the training and MIRA grants recommended by the PIC and approved by the Oversight Committee in February 2014. <i>CPRIT notes that the 83<sup>rd</sup> legislative session amended Chapter 102 of the Texas Health and Safety Code to create the PIC and charge the PIC with the authority to make grant recommendations to the Oversight Committee.</i></p> <p><b>Documentation:</b> OC members sign a certification of non-communication following each award cycle.</p>		
	<p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(d), 25 T.A.C. § 702.19(f), CPRIT Code of Conduct § V.F.(2)</p>		
02 pg 2	<p><b>Recommendation:</b> Refrain from leasing office space from grantees and consider locating the offices of the chief commercialization officer, chief scientific officer, and director of scientific research in the same office location as CPRIT executive management.</p>	<b>Fully implemented</b>	05/31/13
	<p><b>Implementation:</b> Leases were cancelled with Rice University and UTSW, effective November 30, 2012, and May 31, 2013, respectively. The Oversight Committee adopted a new administrative rule in January 2014 prohibiting an Oversight Committee member or a CPRIT employee from having an office in a facility owned by a grant applicant or grant recipient. The prohibition was included in the Code of Conduct adopted November 1, 2013.</p>		
	<p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.057, 25 T.A.C. § 702.9(c)(15), CPRIT Code of Conduct § II.C.(3)</p>		

Rec.		Status	Date
03 pg 8	<p><b>Recommendation:</b> Revise its rules to prohibit members of the oversight committee, peer reviewers, and employees from engaging in business activities with grant applicants and grantees.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 prohibiting an Oversight Committee member, CPRIT employee, or PIC member from being employed by or participating in the management of a business entity. A similar rule was adopted in January 2014 applicable to peer reviewers. The prohibition was included in the Code of Conduct adopted November 1, 2013. A change was also made to peer reviewer agreements effective September 1, 2013.</p> <p><b>Documentation:</b> Code of Conduct, Peer Reviewer agreements</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code §§ 102.109 (b)(2), 102.156(c), 25 T.A.C. §§ 702.9(c)(8), 703.5 (g),(h), CPRIT Code of Conduct §§ II.B.(15), C.(1),(2)</p>	<b>Fully implemented</b>	11/01/13
04 pg 9	<p><b>Recommendation:</b> Establish and implement a process to prevent CPRIT from awarding grants to applicants that made contributions to the CPRIT Foundation, as required by the General Appropriations Acts (81st and 82nd Legislatures).</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 requiring grant applicants to certify that the grant applicant has not made and will not make a donation to CPRIT or to any foundation established to benefit CPRIT. The process was fully implemented in February 2014 for the first cycle of awards submitted following the end of the moratorium. For awards made based on applications submitted prior to the adoption of the administrative rule, CPRIT's Chief Compliance Officer cross-checked all grant awards against the list of CPRIT Foundation donors and reported the information to CPRIT's CEO. CPRIT's CEO sent a written request to the CPRIT Foundation Executive Director to return donations to five individuals. The CPRIT Foundation confirmed the return of the donations on May 3, 2013.</p> <p><b>Documentation:</b> Grant Pedigree, List of donors to the CPRIT Foundation, CCO April 22, 2013 report, CEO April 23, 2013 letter to Foundation, May 3, 2013 confirmation from CPRIT Foundation that identified donations were returned.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(e), 25 T.A.C. § 703.3(h)(1)</p>	<b>Fully implemented</b>	05/3/13 (awards and applications filed prior to 6/14/13)  02/19/14 (grants made following 6/14/13)
05 pg 9	<p><b>Recommendation:</b> Upon receipt of grant applications, require its chief prevention officer, chief scientific officer, and chief commercialization officer to compare the list of grant applicants to the list of donors to the CPRIT Foundation. In addition, CPRIT should consider requiring the</p>	<b>Fully implemented</b>	02/19/14

Rec.		Status	Date
	<p>compliance officer to review the grant applications to ensure that there are no conflicts between the grant applicants and the CPRIT Foundation.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014, mandating that in order to be eligible to be considered for a CPRIT grant an applicant must certify that it has not made and will not make a donation to CPRIT or any foundation established to benefit CPRIT. Beginning with applications submitted for FY 2014 awards, the Chief Compliance Officer confirms the information as part of the grant pedigree for each grant application presented to the Oversight Committee for award consideration. <i>CPRIT notes that the 83rd Legislature amended Health and Safety Code, Chapter 102 to direct the Chief Compliance Officer, not the program officers, to perform this task.</i></p> <p><b>Documentation:</b> Application, List of donors to CPRIT and any supporting foundation, Grant pedigree for each application.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(a)(3), 25 T.A.C. §§ 703.3(h)(5), 703.8(1)(C)</p>		
06 pg 9	<p><b>Recommendation:</b> Establish and implement a policy that prohibits a peer reviewer with a conflict of interest from evaluating grant applications competing for the same grant funds as the applicant for which the peer reviewer has a conflict of interest.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 designating certain conflicts of interest that raise the presumption that the conflict may affect the reviewer’s impartial review of other applications. The reviewer must be recused from participating in the review, discussion, scoring, deliberation and vote on all applications competing for the same grant mechanism in the entire cycle if a reviewer has one of these designated conflicts, unless a waiver has been granted. CPRIT notes that the rule applies to all individuals involved in the review/grant monitoring process, including Oversight Committee members, PIC members, CPRIT employees, and peer reviewers. This recommendation was fully implemented in February 2014 for the product development FY14 review cycle.</p> <p><b>Documentation:</b> COI Policy Agreement, COI notification, Sign-out Sheets</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code §§ 102.1061(b),(c), 102.156, 25 T.A.C. §§ 702.11, 702.13(b),(c)</p>	<b>Fully Implemented</b>	02/2014
07 pg 9	<p><b>Recommendation:</b> Consistently maintain documentation to show that it identifies and takes action to address its peer reviewers’ conflicts of interests.</p>	<b>Fully implemented</b>	02/01/14

Rec.		Status	Date
	<p><b>Implementation:</b> CPRIT and its third-party grant administrator implemented changes to the software system and grants database to maintain documentation related to conflicts of interest. This recommendation was fully implemented by February 2014 and used to create the grant pedigrees and CEO affidavits for the grant awards announced February 19, 2014.</p> <p><b>Documentation:</b> Conflict of Interest Policy Agreement, Identification of Conflicts, Sign-Out Sheets, Third-Party Observer Reports, Post-Review Statements, Oversight Committee meeting minutes.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.0535(a)(4), 25 T.A.C. §§ 703.3(i), 703.4(1)(C)</p>		
08 pg 9	<p><b>Recommendation:</b> Establish and implement a documented policy on residency requirements for members of its commercialization review council.</p> <p><b>Implementation:</b> As of December 2012, all members of the Product Development Review Council (formerly known as the Commercialization Review Council) and Product Development reviewers live and work outside of the state. The Oversight Committee adopted a new administrative rule in January 2014 establishing the policy that all reviewers must live and work outside of Texas, unless special circumstances justify using an in-state reviewer.</p> <p><b>Documentation:</b> An explanation of the special needs justification must be recorded in the minutes of the Oversight Committee meeting when the reviewer’s appointment is approved.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.151(b), 25 T.A.C. § 701.17</p>	Fully implemented	12/01/12
<b>Chapter 1B - CPRIT Should Ensure the Transparency and Accountability of Its Peer Review Process</b>			
09 pg 16	<p><b>Recommendation:</b> Update and consistently follow agency policies and procedures for reviewing grant applications.</p> <p><b>Implementation:</b> CPRIT has undertaken a comprehensive review and revision of the agency’s administrative rules. A major project milestone was achieved with the adoption of the revised rules and new rules on January 24, 2014, affecting all stages of the grant application, review, award, and monitoring process. CPRIT’s third party administrator has updated the electronic grant application receipt system and grant review scoring system to implement standardized procedures associated with reviewing grant applications. The processes specified by the new rules and rule changes were implemented for grant applications submitted in response to FY 2014 Cycle 1 requests for applications (RFAs). Grant pedigrees and, if applicable, CEO affidavits and the Chief Compliance Officer’s certification of the awards document adherence</p>	Fully Implemented	02/2014

Rec.		Status	Date
	<p>to the agency's rules and statutory requirements for grant reviews.  <b>Documentation:</b> Grant Review Process records, Grant Pedigrees, CEO Affidavits, Compliance Certification</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.051(d)(1), 25 T.A.C. § 703.8(1)(A)</p>		
10 pg 16	<p><b>Recommendation:</b> Require the CEO to provide a written affidavit for each grant recommendation presented to the oversight committee certifying that the grant application was subject to the peer review process with the attached peer review score, including due diligence reviews and intellectual property reviews, when applicable.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 specifying the information to be included in the CEO affidavit and the timing of the affidavits' submission to the Oversight Committee. CEO affidavits were used for the first time in February 2014 to support the grant award recommendations for FY14 training and MIRA continuation proposals.</p> <p><b>Documentation:</b> The CEO affidavit presented for each grant award recommendation is part of the Grant Review Process records.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(c), 25 T.A.C. § 703.7(h)</p>	<b>Fully Implemented</b>	02/12/14
11 pg 16	<p><b>Recommendation:</b> Ensure that reviews of all research grant applications, including recruitment grant applications, are subject to the same review process, including processes for documenting peer reviews in the Peer Review Management Information System.</p> <p><b>Implementation:</b> The Oversight Committee adopted new administrative rules in January 2014 standardizing its grant review process among programs, including specifying variations applicable to a particular program and/or grant mechanism. These processes were implemented for the review of grant applications submitted pursuant to FY 2014 Cycle 1 requests for applications. The CEO affidavits document the peer review process and scores for all grant applications submitted for a particular cycle.</p> <p><b>Documentation:</b> Grant Review Process records, Grant Pedigrees, CEO Affidavit</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251, 25 T.A.C. §§ 703.4(1)(A), 703.6</p>	<b>Fully Implemented</b>	01/24/14
12 pg 16	<p><b>Recommendation:</b> Maintain and secure data that supports why grant applications are withdrawn from the peer review process.</p>	<b>Fully Implemented</b>	02/2014

Rec.		Status	Date
	<p><b>Implementation:</b> CPRIT has developed a process to document reasons for withdrawing applications from review. The process was implemented for the grant applications submitted pursuant to FY 2014 Cycle 1 requests for applications (RFAs) released 12/09/2013.</p> <p><b>Documentation:</b> The reasons for withdrawing applications from review is maintained as part of the complete grant review process records kept by CPRIT’s electronic grants management system. Information about withdrawals is reported by the Chief Compliance Officer when the grant award slates are certified.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.0535(a)(1), 25 T.A.C. § 703.4(1)(B)</p>		
13 pg 16	<p><b>Recommendation:</b> Require peer review councils to document how applications recommended for grants meet one or more of the recommendation standards.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 requiring Review Councils to document reasons for recommending grants according to specified standards. The process was implemented for the grant applications submitted pursuant to FY 2014 Cycle 1 requests for applications.</p> <p><b>Documentation:</b> The Review Council’s reasons for recommending grants according to specified standards are reflected in the written recommendations submitted simultaneously to the CPRIT CEO and the Presiding Officer of the Oversight Committee. The information is maintained as part of the complete grant review process records kept by CPRIT’s electronic grants management system.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(a)(1)(B), 25 T.A.C. §§ 703.4(1)(B), 703.6(d)(1) and (d)(2)(A)</p>	<b>Fully Implemented</b>	02/06/14
14 pg 16	<p><b>Recommendation:</b> Ensure that the [Program Integration Committee] documents the factors considered in deciding on grant recommendations and that those grant recommendations are substantially supported by the grant recommendations made by CPRIT’s peer review councils.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 specifying that the Program Integration Committee (PIC) document the factors considered when recommending grant awards, including demonstrating that the recommendations are substantially supported by the grant recommendations made by CPRIT’s peer review councils. [CPRIT notes that the 83<sup>rd</sup> legislative session amended Chapter 102 of the Texas Health and Safety Code to create the PIC and charge the PIC with the authority to make grant recommendations to the Oversight Committee.] The changes were implemented by the PIC</p>	<b>Fully Implemented</b>	02/12/14

Rec.		Status	Date
	<p>with its first grant recommendations submitted to the Oversight Committee in February 2014.  <b>Documentation:</b> The factors considered by the PIC in deciding on grant recommendations are reflected in the letter submitted by the PIC Chair documenting the PIC's award recommendations. To the extent that the PIC recommendations vary from the Review Council recommendations (previously provided to the PIC and the Oversight Committee simultaneously), the PIC letter must document the reasons for the variance. All information is maintained as part of the complete grant review process records kept by CPRIT's electronic grants management system.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(a)(2)(A) and (B), 25 T.A.C. § 703.7(a)(3)</p>		
15 pg 16	<p><b>Recommendation:</b> Maintain documentation that supports how recommended grant amounts are determined by the peer review councils and the [Program Integration Committee].</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 addressing the creation and maintenance of documentation that supports how recommended grant amounts are determined by the peer review councils and the Program Integration Committee. The process was implemented for the grant applications submitted pursuant to FY 2014 Cycle 1 requests for applications.</p> <p><b>Documentation:</b> Written information reflecting the Review Council's and PIC's determination regarding grant award amounts is maintained as part of the complete grant review process records kept by CPRIT's electronic grants management system.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.0535(a)(1), 25 T.A.C. §§ 703.4(1)(B), 703.6(d)(2)(C) 703.7(d)(5), 703.4(1)(B)</p>	Fully Implemented	02/12/14
<b>Chapter 1C- CPRIT Should Verify the Accuracy and Availability of Grantees' Matching Funds</b>			
16 pg 20	<p><b>Recommendation:</b> Obtain documentation to verify the amount and availability of matching funds that grantees report.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 requiring grant recipients to submit documentation verifying the amount and availability of matching funds. In addition to the certification of available matching funds that the grantee must submit at the beginning of the grant award and each grant award year (if the grant recipient is demonstrating matching funds on a year-by-year basis), the grantee must submit supporting documentation that shows the actual expenditures of funds counted as match</p>	Fully implemented	12/06/13

Rec.		Status	Date
	<p>toward grants at the end of each award year. The grantee’s failure to submit the required documentation will result in a suspension of grant funding by CPRIT until sufficient documentation is provided and may serve as a basis for terminating the grant contract. The matching funds certification and verification process was implemented in December 2013.</p> <p><b>Documentation:</b> Matching funds certification, year-end information showing how grantee matching funds were used on the project; this information is maintained as part of the complete grant award records kept by CPRIT’s electronic grants management system. If the grant recipient is an academic institution, the grant recipient may provide the letter from the government approving the federal indirect cost rate for the institutions.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code §102.255(c)(3)(A)&amp;(C),(d)(6), (d)(8) and (9), 25 T.A.C. §§ 703.4(1)(E), 703.10(c)(20), 703.11(a),(g),(j), 703.21(b)(3)(B)(x)</p>		
17 pg 20	<p><b>Recommendation:</b> Require grantees to comply with matching fund requirements in statute and CPRIT rules.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 requiring grant recipients to submit documentation verifying the amount and availability of matching funds. Grantees must provide information and supporting documentation about the actual expenditures of funds counted as match toward grants at the end of each award year. Failure to provide verification documentation may serve as a basis for terminating the grant contract. The administrative rule establishes penalties, including suspension of grant fund disbursement, for the failure to expend matching funds as required.</p> <p><b>Documentation:</b> Matching funds certification, year-end information showing how grantee matching funds were used on the project; this information is maintained as part of the complete grant award records kept by CPRIT’s electronic grants management system. If the grant recipient is an academic institution, the grant recipient may provide the letter from the government approving the federal indirect cost rate for the institutions.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code §§ 102.255(c)(2), 102.255(c)(3)(A) and (C), 102.260(d) and (f), 25 T.A.C. §§ 703.4(1)(E), 703.10(c)(21), 703.11 (g), 703.21(b)(3)(B)(i) and (x)</p>	Fully implemented	12/06/13
<b>Chapter 2A - CPRIT Should Establish Requirements for Advance Payments and Reimbursements It Makes to Grantees</b>			
18	<b>Recommendation:</b> Adopt and implement a policy regarding advance payments to grantees.	Fully	05/2014

Rec.		Status	Date
pg 24	<p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 requiring the CEO to seek approval by a simple majority of the Oversight Committee to disburse grant funds by advance payment. The rule directs the CEO to provide a list of applications recommended for advance payment at least three business days prior to the Oversight Committee meeting and include the reasons supporting the recommendation to advance funds. This process set by this rule was used in May to request advance authority for product development grant awards announced in February and May.</p> <p><b>Documentation:</b> The CEO’s letter requesting advance payment authority is included in the Oversight Committee Board Packet. The advance payment approval is reflected in the minutes of the Oversight Committee meeting. The grant contract must specify the amount, schedule, and requirements for advance payment of grant funds.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.255(e), 25 T.A.C. §§ 701.19, 703.7(j), 703.10(c)(14)</p>	<b>implemented</b>	
19 pg 24	<p><b>Recommendation:</b> Obtain sufficient documentation to support the appropriateness of all payments it makes to grantees.</p> <p><b>Implementation:</b> CPRIT requires grant recipients to submit quarterly financial status reports (FSR) and general ledger data supporting the FSR prior to releasing funds for reimbursement. The Oversight Committee adopted a new administrative rule in January 2014 that authorizes CPRIT to waive reimbursement for expenses incurred when the grantee fails to timely submit the quarterly FSR information. The waiver of expenses to be reimbursed will be effective for the FSR submitted for the June 1 – August 31 fiscal quarter.</p> <p><b>Documentation:</b> CPRIT maintains quarterly FSRs and general ledger information submitted by grant recipients, as well documentation of the agency’s review and approval of the FSRs in its electronic grants management system.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code §§ 102.0535(a)(2), 102.260(a), 25 T.A.C. §§ 703.4(1)(E), 703.21(b)(1)</p>	<b>Fully implemented</b>	07/18/13
<b>Chapter 2B - CPRIT Should Improve Processes for Monitoring Grantee Expenditures and Research Progress</b>			
20 pg 27	<p><b>Recommendation:</b> Retain documentation of all financial and progress reports received and all reviews of those reports.</p> <p><b>Implementation:</b> CPRIT has deployed a fully electronic grants management system that supports the agency’s grant award compliance monitoring by maintaining complete grant award records, including the grant contract and matching funds certification, required grant</p>	<b>Fully implemented</b>	07/18/13

Rec.		Status	Date
	<p>award financial reports and grant progress reports, and CPRIT's review of those reports. Changes to the electronic grants management system were completed in July 2013 to retain documentation of financial reports and grant progress reports.</p> <p><b>Documentation:</b> CPRIT maintains quarterly FSRs and general ledger information submitted by grant recipients, as well documentation of the agency's review and approval of the FSRs and annual progress reports in its electronic grants management system.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.0535(a)(2), (3), (5), 25 T.A.C. § 703.4(1)(E)</p>		
21 pg 27	<p><b>Recommendation:</b> Establish and implement a process to track the dates on which grantees' reports are due and received, and follow up on all missing reports.</p> <p><b>Implementation:</b> CPRIT has deployed a fully electronic grants management system that supports the agency's grant award compliance monitoring by tracking the due dates and submission status for required grant award reports; monitoring the status of past-due required financial reports and grant progress reports; sending automatic reminders and notifications to grant recipients of upcoming deadlines and past due reports. Functionalities such as tracking report due dates, reviewing the supporting financial reporting documentation, and generating compliance reports for follow up were possible via the electronic grants management system in early 2014.</p> <p><b>Documentation:</b> Documentation of all progress and financial reports as well as any supporting documentation are maintained in the grants management system. The Chief Compliance Officer reports to the Oversight Committee quarterly regarding the status of grantee reports.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code §§ 102.051(a)(5), 102.260(e), 25 T.A.C. § 703.4(1)(F)(G)</p>	<b>Fully Implemented</b>	02/2014
22 pg 27	<p><b>Recommendation:</b> Follow the process established by CPRIT to perform desk reviews of financial reports that grantees submit.</p> <p><b>Implementation:</b> CPRIT conducts desk reviews to assess and compare individual source documentation and materials to summary data provided during the Financial Status Report review for compliance with financial requirements set forth in the statute, administrative rules, and the grant contract. CPRIT uses a risk-based methodology to perform desk reviews of financial reports for academic research and prevention grants. Desk reviews are performed for all financial reports submitted by company grantees.</p> <p><b>Documentation:</b> Documentation of all progress and financial reports as well as any supporting documentation are maintained in the grants management system.</p>	<b>Fully Implemented</b>	03/01/14

Rec.		Status	Date
23 pg 27	<p><b>Statute/Rule/Other:</b> 25 T.A.C. § 703.21(b)(4)</p> <p><b>Recommendation:</b> Establish criteria for peer reviewers to follow when evaluating and documenting reviews of grantees' progress reports.</p> <p><b>Implementation:</b> CPRIT uses standard evaluation criteria for the prevention, research and product development grantee progress reports and has been documenting the evaluation of grant progress against the particular grant goals or milestones and programmatic acceptance of the evaluation in the electronic grants management system. Peer reviewers complete the evaluations of prevention and product development progress reports and report those evaluations to the respective program managers who finalize the recommendations on continuing the grant or addressing weaknesses in the progress; however, due to the volume of research progress reports, CPRIT uses third-party contractors with scientific expertise to review and evaluate research grant progress. The research evaluations are sent to the research program officer who finalizes the recommendation, the same process in the other two programs.</p> <p><b>Documentation:</b> CPRIT maintains the standard criteria and documentation of the agency's review and approval of the progress reports in its electronic grants management system.</p> <p><b>Statute/Rule/Other:</b> 25 T.A.C. § 703.21(b)(3)(D)</p>	<b>Fully Implemented</b>	06/19/13
24 pg 27	<p><b>Recommendation:</b> Ensure that public higher education institutions obtain and submit reports from required audits.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 clarifying the methodology required for the annual audit of grants awards with expenditures of \$500,000 or more. CPRIT also issued guidance instructing public higher education institutions to complete program specific audits by an institution's internal audit department to retrospectively address the audit requirements for fiscal years 2010, 2011, and 2012. These audits are due by June 30, 2014. The public higher education institutions must have independent auditors complete the required audit for fiscal year 2013. All organizations have nine months after the end of their fiscal year to have the independent audits completed and submitted. The public higher education institutions follow the state fiscal year, so any required audit report is due by May 31, 2014.</p> <p><b>Documentation:</b> CPRIT maintains grantee audits and any corrective action plans in its electronic grants management system.</p>	<b>Fully Implemented</b>	05/31/14

Rec.		Status	Date
	<b>Statute/Rule/Other:</b> 25 T.A.C. § 703.13		
<b>Chapter 2C - CPRIT Should Strengthen Certain Contract Management Processes</b>			
25 pg 31	<b>Recommendation:</b> Develop, document, and implement a process for closing out grants and renewing grants, as well as develop, document, and implement procedures for extending grants.	<b>Fully Implemented</b>	06/01/14
	<b>Implementation:</b> The Oversight Committee adopted administrative rule changes in January 2014 specifying processes for closing out, renewing, and extending grants. CPRIT's electronic grant management system has been updated to reflect the changes required by the administrative rules.		
	<b>Documentation:</b> CPRIT maintains requests to extend grants in its electronic grants management system. Processes for closing out and extending grants are described in the Process and Procedures manual.		
	<b>Statute/Rule/Other:</b> 25 T.A.C. § 703.14(c)		
26 pg 31	<b>Recommendation:</b> Ensure that all grant agreements include all reporting requirements.	<b>Fully Implemented</b>	03/01/14
	<b>Implementation:</b> All CPRIT grant award contracts include a list of required reports to be submitted by the grantee. The Oversight Committee adopted a new administrative rule in January 2014 addressing required reports. Grant award contracts effective on or after March 1, 2014 reflect the updated reporting requirements set forth in the new administrative rules. Grant award contracts that have an effective date prior to March 1, 2014 are subject to the updated reporting requirements pursuant to a contract term that specifies that the grantee is obligated to report any information covering its activities related to the grant award that is requested by CPRIT, the Legislature, or any other funding or regulatory bodies.		
	<b>Documentation:</b> CPRIT Grant Contract		
	<b>Statute/Rule/Other:</b> H&S Code § 102.260(d), 25 T.A.C. § 703.10(c)(8), (9), (15)		
<b>Chapter 3 - CPRIT Should Improve Its Management of the CTNeT Research Grant and Other Administrative Practices</b>			
27 pg 35	<b>Recommendation:</b> Refrain from involvement in CTNeT's business decisions.	<b>Fully Implemented</b>	02/25/13
	<b>Implementation:</b> CPRIT began implementing the Chapter 3 recommendations related to the management of the CTNeT grant during the audit or immediately following the release of the audit report. While CPRIT believes it has fully implemented the recommendations within the		

Rec.		Status	Date
	<p>scope of its overall grants management processes, CPRIT was unable to resolve some of the recommendations through management of the CTNeT grant itself because CTNeT ceased operations in February 2013. Going forward, CPRIT has clarified its administrative rules and adopted Code of Conduct and Ethics provisions to prohibit involvement in a grantee's business decision by an Oversight Committee member or CPRIT employee.</p> <p><b>Statute/Rule/Other:</b> H&amp;S § Code 102.109(b)(2), 25 T.A.C. § 702.9(c)(2), (8), CPRIT Code of Conduct §§ II.B.(3) and (4), II.C.(1)</p>		
28 pg 35	<p><b>Recommendation:</b> Prohibit CPRIT employees from serving on CTNeT's board of directors.</p> <p><b>Implementation:</b> CTNeT ceased operations in February 2013. Going forward, CPRIT has clarified its administrative rules and adopted Code of Conduct and Ethics provisions to prohibit involvement in a grantee's business decision by an Oversight Committee member or CPRIT employee.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.109(b)(8)(9), 25 T.A.C. § 702.9(c)(2),(8), (11), CPRIT Code of Conduct §§ II.B.(3) and (4) and (15), II.C.(1) and (2)</p>	<b>Fully Implemented</b>	02/25/13
29 pg 35	<p><b>Recommendation:</b> Prohibit CTNeT board members from serving on CPRIT's commercialization review council.</p> <p><b>Implementation:</b> The member of the commercialization review council who also served on the CTNeT board resigned from the council on January 29, 2013, resolving the issue of having a member of the council on the CTNeT board. Going forward, CPRIT has clarified its administrative rules to prohibit a reviewer from serving on a grantee's board of directors.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.156(c), 25 T.A.C. § 703.5(h)</p>	<b>Fully Implemented</b>	01/29/13
30 pg 35	<p><b>Recommendation:</b> Ensure that all payments to CTNeT comply with the terms of the grant.</p> <p><b>Implementation:</b> CPRIT did not make any payments to CTNeT after November 2012. CTNeT ceased operations in February 2013 before the issues on matching funds and progress reports could be addressed. Going forward, CPRIT has clarified its administrative rules to suspend disbursement of funds if a grantee is not in compliance with contractual requirements regarding submission of progress reports and certification of matching funds.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code §§ 102.260(b), 102.051(a)(5), 102.260(d), 25 T.A.C. § 703.21(b)(1) and (2)</p>	<b>Fully Implemented</b>	12/01/12

Rec.		Status	Date
31 pg 35	<p><b>Recommendation:</b> Withhold payments to CTNeT until after CPRIT has recovered the advanced funds that CTNeT spent on unallowable costs.</p> <p><b>Implementation:</b> CPRIT did not make any payments to CTNeT after November 2012. CTNeT ceased operations in February 2013 before the organization could correct expenditures on unallowable costs. Going forward, CPRIT has clarified its administrative rules to prohibit disbursement of grant funds if a grantee is not in compliance with contractual requirements. The administrative rule changes make it clear that CPRIT can stop advance payments and may seek repayment of grant funds spent on unallowable costs.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.260(b), 25 T.A.C. §§ 701.19(3),(4) and (5), 703.10(c)(14)</p>	<b>Fully Implemented</b>	12/01/12
32 pg 35	<p><b>Recommendation:</b> Require CTNeT to comply with requirements regarding matching funds and annual progress reporting.</p> <p><b>Implementation:</b> CTNeT ceased operations in February 2013. Going forward, CPRIT has clarified its administrative rules to require all research award grantees to demonstrate the availability of matching funds for expenditures at the time of certification and comply with the annual progress reporting requirement that the grantee explain how matching funds were spent in the previous year. Failure to provide the matching fund documentation or to timely submit the annual progress report will result in the suspension of funding, and may make the grantee ineligible for future awards. Continued failure to submit the required reports will result in contract termination.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.255(d), 25 T.A.C. §§ 703.10(c)(20) and (21), 703.11(g), (j), 703.21(b)(3)(B)(i), (x)</p>	<b>Fully Implemented</b>	12/06/13
<b>Chapter 4A - CPRIT Should Ensure That Contracted Services and Related Costs Are Reasonable and Necessary</b>			
33 pg 40	<p><b>Recommendation:</b> Ensure that it properly identifies and defines its services needs and the associated costs prior to executing service contracts.</p> <p><b>Implementation:</b> CPRIT strives to procure contracted services competitively following the state procurement law as stated in the State of Texas Procurement Manual and other publications provided by the Comptroller of Public Accounts as well as the procurement practice guidelines documented in the agency's administrative policies and procedures. CPRIT documents the identification of its needs for contracted services and prohibits the awarding of contracts to parties that assist in the needs assessment for service contracts. In practice, CPRIT has issued a</p>	<b>Fully Implemented</b>	03/01/14

Rec.		Status	Date
	<p>request for proposal for communication services that has defined needs and costs and was approved by the Oversight Committee's Governance Subcommittee on November 18, 2013. CPRIT also hired a procurement specialist with Contract Management certification effective June 2, 2014.</p> <p><b>Statute/Rule/Other:</b> State of Texas Procurement Manual</p>		
34 pg 40	<p><b>Recommendation:</b> Prohibit the awarding of contracts to parties that assist in the needs assessment process for the contracted services.</p> <p><b>Implementation:</b> CPRIT is documenting the practice of identifying and defining its needs for contracted services and prohibits the awarding of contracts to parties that assist in the needs assessment for service contracts, beginning March 1, 2013. In practice, CPRIT has issued a request for proposal for communication services that has defined needs and costs and was approved by the Oversight Committee's Governance Subcommittee on November 18, 2013.</p> <p><b>Statute/Rule/Other:</b> State of Texas Procurement Manual</p>	<b>Fully Implemented</b>	03/01/14
35 pg 40	<p><b>Recommendation:</b> Require vendor invoices to include specific information that clarifies the work products and services the vendors provided during the billing cycle.</p> <p><b>Implementation:</b> CPRIT required the contractor to submit additional information to support the vendor's labor charges for identified invoices that contained insufficient detail. Once CPRIT received the additional information for the December 2012 invoice, payment was processed for the invoice on April 10, 2013. CPRIT continues to review the documentation for all of its vendors to ensure there is appropriate detail to support the invoices.</p> <p><b>Statute/Rule/Other:</b> State of Texas Procurement Manual</p>	<b>Fully Implemented</b>	04/10/13
36 pg 40	<p><b>Recommendation:</b> Competitively procure all contracted services, and require its contractors to competitively procure all subcontracted services.</p> <p><b>Implementation:</b> CPRIT strives to procure contracted services competitively following state procurement law as stated in the State of Texas Procurement Manual and other publications provided by the Office of the Comptroller of Public Accounts. At this time, CPRIT has one contractor that procures subcontracted services. That contractor completed a competitive procurement of those subcontracted services in June 2012.</p> <p><b>Statute/Rule/Other:</b> State of Texas Procurement Manual</p>	<b>Fully Implemented</b>	06/28/12

Rec.		Status	Date
<b>Chapter 4B - CPRIT Should Ensure That Its Honorarium Payments Are Appropriate</b>			
37 pg 43	<p><b>Recommendation:</b> Establish minimum requirements for documentation that must be submitted for payments to reviewers for their services.</p>	<b>Fully Implemented</b>	09/01/13
	<p><b>Implementation:</b> CPRIT’s CEO adopted CPRIT’s Honoraria Policy effective September 1, 2013. The written Honoraria Policy describes the expected duties and responsibilities for Review Council chairs, Review Council members, and peer review panel members, specifies the expected time commitment, and lists the hourly rate comparisons used to develop the honorarium amounts. The policy establishes minimum requirements for documentation that must be submitted for payments to reviewers for their services, as well as documents the process to support and justify all changes in the honorarium amount paid to reviewers.</p> <p><b>Documentation:</b> CPRIT’s Honoraria Policy</p>		
	<p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.151(e), 25 T.A.C. § 701.15(4), <i>CPRIT’s Honoraria Policy</i></p>		
38 pg 43	<p><b>Recommendation:</b> Implement a documented process to support and justify all changes in the amount of honorarium paid to reviewers.</p>	<b>Fully Implemented</b>	09/01/13
	<p><b>Implementation:</b> CPRIT’s CEO adopted CPRIT’s Honoraria Policy effective September 1, 2013. The written Honoraria Policy describes the expected duties and responsibilities for Review Council chairs, Review Council members, and peer review panel members, specifies the expected time commitment, and lists the hourly rate comparisons used to develop the honorarium amounts. The policy establishes minimum requirements for documentation that must be submitted for payments to reviewers for their services, as well as documents the process to support and justify all changes in the honorarium amount paid to reviewers.</p> <p><b>Documentation:</b> CPRIT’s Honoraria Policy</p>		
	<p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.151(e), 25 T.A.C. § 701.15(1), <i>CPRIT’s Honoraria Policy</i></p>		
39 pg 43	<p><b>Recommendation:</b> Ensure that honorarium payment rates are reasonable and competitive for the value CPRIT receives.</p>	<b>Fully Implemented</b>	09/01/13
	<p><b>Implementation:</b> CPRIT’s CEO adopted CPRIT’s Honoraria Policy effective September 1, 2013. The written Honoraria Policy designates other entities that also conduct peer review and pay honoraria and compares and contrasts the roles, responsibilities, and expected time commitment for CPRIT reviewers to these entities to document that CPRIT’s honoraria payment rates are reasonable and competitive for the value CPRIT receives.</p>		

Rec.		Status	Date
	<p><b>Documentation:</b> CPRIT's Honoraria Policy</p>		
	<p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.151(e), 25 T.A.C. § 701.15(3), <i>CPRIT's Honoraria Policy</i></p>		
<p><b>Chapter 5 - CPRIT Should Ensure That Its Outsourced Information Systems Maintain Valid and Reliable Grant Management Data</b></p>			
<p>40 pg 46</p>	<p><b>Recommendation:</b> Obtain audits of the Peer Review Management Information System and CPRIT Application Receipt System and ensure that the grant management contractor corrects all weaknesses identified.</p> <p><b>Implementation:</b> CPRIT procured an audit of the three electronic grant systems used by CPRIT's grants management contractor, SRA International: the CPRIT Application Receipt System (CARS), the Peer Review Management Information System (P<sup>2</sup>RMIS), and CPRIT's Grant Management System (CGMS). CARS, P<sup>2</sup>RMIS, and CGMS provide support for CPRIT, its peer reviewers and its grantees to manage grant applications, maintain grantee records, track grantee budget and expenditure information, and submit and track progress reports. The audit evaluated the SRA controls as they relate to AICPA Trust Service Principles, using the AICPA Guide: <i>Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy</i>. The audit report indicates that no findings or observations were noted that would significantly impact the processing capability of SRA's grant system applications, as related to the services provided to CPRIT. While no significant findings were noted, CPRIT will continue to require SRA to validate their control environment and be subject to periodic audits.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.0535(b), 25 T.A.C. § 703.4(3)</p>	<p><b>Fully Implemented</b></p>	<p>06/30/14</p>
<p>41 pg 46</p>	<p><b>Recommendation:</b> Ensure that the Peer Review Management Information System maintains a complete record of all grant applications that receive a peer review and the scores associated with the review.</p> <p><b>Implementation:</b> CPRIT's grants management contractor, SRA International, has incorporated recommendations identified in the audit into the three electronic systems managed by SRA: the CPRIT Application Receipt System (CARS), the Peer Review Management Information System (P<sup>2</sup>RMIS) and the CPRIT Grants Management System. As part of the implementation of required processes, CPRIT has re-engineered its procedures and frequency that conflicts of interest have to be indicated by reviewers and stored. Requirements for these P<sup>2</sup>RMIS changes</p>	<p><b>Fully Implemented</b></p>	<p>04/01/14</p>

Rec.		Status	Date
	were implemented sequentially over the course of three months with completion by April 1, 2014.		
	<b>Statute/Rule/Other:</b> H&S Code § 102.0535(a)(1), 25 T.A.C. § 703.4(1)(B), (C)		
<b><i>The Legislature Should Consider Clarifying Certain Statutory Requirements to Increase Transparency and Accountability at CPRIT</i></b>			
42 pg 49	<p><b>Recommendation:</b> Allow peer reviewers to provide their grant recommendations to the CEO and members of the CPRIT oversight committee at the same time.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 requiring the review council's recommendations to be submitted simultaneously to the presiding officers of the Program Integration Committee and Oversight Committee. <i>CPRIT notes that the 83<sup>rd</sup> legislative session amended Chapter 102 of the Texas Health and Safety Code to create the PIC and charge the PIC with the authority to make grant recommendations to the Oversight Committee.</i> This process was implemented for the first time with training and MIRA continuation grant awards announced in February 2014.</p> <p><b>Documentation:</b> Review Council written list of recommendations and transmittal letter</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(a)(1), 25 T.A.C. § 703.6(d)(2)</p>	<b>Fully Implemented</b>	02/06/14
43 pg 49	<p><b>Recommendation:</b> Clarify what funds can be used and the intended use of matching funds reported by grantees.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 specifying the process for crediting a public or private institution of higher education grantee's matching funds obligation with the dollar amount equivalent to the difference between the grantee's federal indirect cost rate and CPRIT's five percent indirect cost rate allowance. The matching certification form was revised to implement the change.</p> <p><b>Documentation:</b> Matching Funds Certification</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.255(d)(2)(B),(d)(4), 25 T.A.C. § 703.11</p>	<b>Fully Implemented</b>	06/01/14
44 pg 49	<p><b>Recommendation:</b> Clarify whether contributions made by non-profit foundations affiliated with grantees are appropriate.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 to make clear that a grant applicant that makes a contribution to CPRIT or a nonprofit foundation established to benefit CPRIT is ineligible to receive a CPRIT grant. As noted in response to SAO recommendation Nos. 4-5, CPRIT staff has reviewed all grant applications to</p>	<b>Fully Implemented</b>	06/14/13

Rec.		Status	Date
	<p>ensure that no grantee has made a donation to CPRIT or to a nonprofit foundation established to benefit CPRIT.</p> <p><b>Documentation:</b> Grant Pedigree</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(a)(3),(e), 25 T.A.C. § 703.3(h)(1)</p>		
45 pg 49	<p><b>Recommendation:</b> Prohibit an interlocking directorate between CPRIT and the CPRIT Foundation.</p> <p><b>Implementation:</b> The Oversight Committee adopted Bylaws prohibiting the presiding officer and vice presiding officer from holding a position on the board of directors of a foundation that was established to benefit CPRIT. The Oversight Committee adopted a new administrative rule in January 2014 prohibiting an interlocking directorate.</p> <p><b>Documentation:</b> Oversight Committee Bylaws</p> <p><b>Statute/Rule/Other:</b> 25 T.A.C. § 701.5(1)(F), CPRIT Oversight Committee Bylaws § 5.3</p>	<b>Fully Implemented</b>	02/25/13
46 pg 49	<p><b>Recommendation:</b> Prohibit CPRIT employees from serving on grantee’s board of directors and related foundations.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 prohibiting CPRIT employees, Oversight Committee members, and PIC members from serving on a grantee’s board of directors or the board of a related foundation. The Oversight Committee also adopted a Code of Conduct and Ethics reflecting the prohibition.</p> <p><b>Documentation:</b> Code of Conduct and Ethics</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.109(b)(8)(9), 25 T.A.C. § 702.9(c)(2), (11), CPRIT Code of Conduct § II.B.(15)</p>	<b>Fully Implemented</b>	02/25/13
47 pg 49	<p><b>Recommendation:</b> Clarify the positions of the oversight committee’s presiding officer and other officers, including the responsibilities and specific term of service for those positions.</p> <p><b>Implementation:</b> The Oversight Committee adopted Bylaws specifying the term of office and specific responsibilities for the presiding officer and other officers.</p> <p><b>Documentation:</b> Oversight Committee Bylaws</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.104(c)(1)(2), 25 T.A.C. § 701.5(1)(C)(D), CPRIT Oversight Committee Bylaws §§ 5.2, 5.3</p>	<b>Fully Implemented</b>	02/25/13
48 pg 49	<p><b>Recommendation:</b> Allow members of the oversight committee to affirmatively vote to approve the CEO’s recommendations.</p>	<b>Fully Implemented</b>	02/19/14

Rec.		Status	Date
	<p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 establishing a process for the Oversight Committee to affirmatively vote to approve the grant awards recommended by the Program Integration Committee (PIC). The process was first used to approve the training and MIRA continuation grants announced in February 2014. <i>CPRIT notes that the 83<sup>rd</sup> legislative session amended Chapter 102 of the Texas Health and Safety Code to create the PIC and charge the PIC with the authority to make grant recommendations to the Oversight Committee.</i></p> <p><b>Documentation:</b> Oversight Committee meeting minutes</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.252, 25 T.A.C. § 703.8(2)</p>		
49 pg 49	<p><b>Recommendation:</b> Remove the Attorney General and the Comptroller of Public Accounts from CPRIT's oversight committee so that their statutory duties and responsibilities would not be impaired.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.101(b)(4) and (5)</p>	<b>Fully Implemented</b>	6/14/13
50 pg 49	<p><b>Recommendation:</b> Allow the CEO to provide CPRIT's oversight committee, along with grant recommendations, documentation of the other factors that the CEO considered for making grant recommendations.</p> <p><b>Implementation:</b> The Oversight Committee adopted a new administrative rule in January 2014 specifying the process for the Program Integration Committee (PIC) to document the factors considered in deciding grant recommendations. The rule and process changes implemented by CPRIT are applicable to the PIC and have been implemented for the grant applications submitted pursuant to FY 2014 Cycle 1 requests for applications (RFAs) released 12/09/2013. The first PIC meeting was held on 2/12/2014. <i>CPRIT notes that the 83<sup>rd</sup> legislative session amended Chapter 102 of the Texas Health and Safety Code to create the PIC and charge the PIC with the authority to make grant recommendations to the Oversight Committee.</i></p> <p><b>Documentation:</b> The factors considered by the PIC in deciding on grant recommendations are submitted to the Oversight Committee at the time that the awards are recommended; the information is maintained as part of the complete grant review process records kept by CPRIT's electronic grants management system.</p> <p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.251(a)(2)(A), (B), 25 T.A.C. §§ 7037.7(d)(3)(6) and (7), 703.7(h)</p>	<b>Fully Implemented</b>	02/12/14

Rec.		Status	Date
51 pg 49	<p><b>Recommendation:</b> Require the CPRIT Foundation to make its records, books, and reports available to the public.</p>	Fully Implemented	06/14/13
	<p>As of May, 2013, the CPRIT Foundation has ceased operations. The Oversight Committee adopted a new administrative rule in January 2014 requiring that the records, books, and reports of a nonprofit foundation established to benefit CPRIT will be made publicly available on CPRIT's website.</p>		
	<p><b>Statute/Rule/Other:</b> H&amp;S Code § 102.262(c) and (d), 25 T.A.C. § 701.27(13)</p>		

