

# Internal Audit Report

## Grantee: The University of Texas Health Science Center at San Antonio

Report #2014-108

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August 6, 2014



CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

## Introduction

As part of the Cancer Prevention Research Institute of Texas (“CPRIT”) FY 2014 Grantee Internal Audit plan, a review of The University of Texas Health Science Center at San Antonio (“UTHSCSA”) has been completed.

## Background

The University of Texas Health Science Center at San Antonio serves San Antonio and the 50,000 square-mile area of South Texas. It extends to campuses in the metropolitan border communities of Laredo and the Rio Grande Valley. More than 3,000 students a year train in an environment that involves more than 100 affiliated hospitals, clinics and health care facilities in South Texas.

The Cancer Research Program of UTHSCSA provides training that spans undergraduate and postgraduate students. The overall program goal is to train individuals in all aspects of cancer research so that they will have an appreciation of the basic science, translational and clinical areas of research. Faculty in this program possess a broad range of expertise in cancer research including genomics/proteomics, cell signaling and receptor biology, DNA repair, metastasis, radiology, drug discovery, pediatric oncology, and carcinogenesis and prevention. The curriculum stresses both basic and translational research to provide the broad background in oncology needed for today’s research. These experienced mentors guide the trainees in developing and executing a research project and aiding them in the development of their careers.

The three audited CPRIT grants provided funds to:

- Recruit a first-time, tenure-track faculty member (R1001)
- Provide cancer research training for undergraduate students with mentors who have expertise in genomics/proteomics, cell signaling and receptor biology, DNA repair, metastasis, radiology, drug discovery, pediatric oncology, and carcinogenesis and prevention (RP101491)
- Upgrade the nuclear magnetic resonance spectrometer to enhance the discovery of novel cancer therapeutics (RP120867)

## Audit Objectives and Scope

### Objectives

1. To determine if expenditures were appropriate, adequately documented, and in compliance with CPRIT’s policies.
2. To evaluate the effectiveness and timeliness of current administrative processes related to the CPRIT grant.
3. To evaluate the internal control environment for expenses related to the CPRIT grant.
4. To determine if CPRIT award recipients have an amount of matching funds equal to one-half of the award dedicated to the research that is the subject of the grant request.
5. To determine if CPRIT award recipients are utilizing matching funds towards the same area of cancer research that is the subject of the award.
6. To determine if equipment was approved appropriately prior to acquisition, adequately documented, and in compliance with CPRIT’s policies.
7. To observe and verify existence of acquired equipment.

### Scope

1. UTHSCSA’s expenses, inventory, and matching funds related to the three CPRIT grants identified above, between September 2012 and May 2014 were covered under the scope of this audit.

2. Detailed testing of selected expense transactions was performed.
3. Selected equipment over \$5,000 was observed on-site.
4. Detailed testing of selected matching fund expenditures was performed.

### Summary of Findings

Internal audit did not note any significant findings or exceptions during the audit of The University of Texas Health Science Center at San Antonio.

### Testing Approach

Analytical and substantive procedures for UTHSCSA's expenses, inventory, and matching funds related to the selected CPRIT grant were performed to ensure the grantee complied with CPRIT policy. Through interviews with appropriate personnel, detailed testing of expenditures, observation of equipment, and analysis of the matching funds process, Internal Audit developed an understanding of the key processes and activities related to the CPRIT grant expense reimbursement, inventory, and matching funds process.

Our procedures included discussions with the following UTHSCSA personnel:

Name	Title
Chris Green	Director Office of Sponsored Programs (OSP)
Kit Ramzinski	Manager, Accounting – Plant/Agency Funds
Christelle Farias	Assistance Director of Purchasing

Substantive testing was applied subjectively to selected CPRIT expense transactions. These transactions were selected from financially material categories (such as payroll, fringe benefits, travel, equipment, supplies, contractual, and other) comprising approximately 75% of expenditures within the CPRIT Financial Status Report (FSR). The expenditures were sampled for each material category and supporting documents were reviewed for accuracy, completeness, appropriateness, classification and timing. Examples of supporting documents include invoices, receipts, and employee expense reports. Internal Audit also verified that each sampled expense was allowable per CPRIT's Expense Reimbursement Policy.

Internal Audit obtained a complete listing of inventory from the grantee for the selected grants and observed all equipment over \$5,000. Observations were performed on selected inventory to ensure the equipment existed, was properly identified and recorded, and was in working condition.

For the applicable research grants, detailed testing of matching funds was performed to verify UTHSCSA had evidence of the required 50% match of CPRIT funds. Documentation was obtained and reviewed for selected expenditures to support the appropriateness of the monies being used as match and to ensure that the expenditure was related to cancer research.

### Audit Results

#### ***Expense Reimbursements***

To evaluate the effectiveness of UTHSCSA's expense reimbursement process, Internal Audit performed substantive testing on approximately 380 judgmentally selected expense reimbursement transactions totaling over \$3.5 million during the period of September 2012 – May 2014 for the three grants selected as part of the review. Internal Audit vouched the expenses per the general ledger to the supporting documents. All supporting documentation was available for the selected sample.

Internal Audit then traced the transactions within the general ledger to the Financial Status Reports to ensure that all amounts were accurately reported and that expenses were appropriately categorized and reported to CPRIT. Upon review of the requested documentation for expense reimbursements, it was noted that all samples of CPRIT grant expenses were accompanied by complete, accurate, and appropriate supporting documentation.

### ***Inventory & Equipment***

Internal Audit obtained a complete listing of inventory from the grantee for the selected grants and observed equipment over \$5,000. Internal Audit observed 3 pieces of equipment for the applicable grant (RP120867) to verify the existence and recording of inventory purchased with CPRIT funds. All pieces of inventory were accessible during the audit and were included in the original approved budget.

### ***Matching Funds***

To support UTHSCSA's matching funds certification claimed in Attachment C of the CPRIT contract for the research grants audited, Internal Audit requested the accounting records of all the funds and expenditures which were used to meet the matching funds. Testing was performed to ensure that UTHSCSA met the required match of 50% of CPRIT funds. Evidence of expenditure in relation to each fund was obtained in order to validate that the expenditure was cancer research related.

Internal Audit noted that UTHSCSA would expend the necessary grant funds and verify that at least 50% of the funds expended were non-CPRIT related funds and that they would not request a reimbursement for more than the CPRIT amount awarded for each period. During the review, UTHSCSA was able to show that a match of at least 50% was provided from non-CPRIT awards corresponded with the amount reimbursed by CPRIT. UTHSCSA was able to provide sufficient and appropriate evidence to support the matching funds. Internal Audit concluded that the funds being used for the CPRIT required match were appropriate and met the requirements described in CPRIT policies and procedures.