

Cancer Prevention and Research Institute of Texas

Fiscal Year 2022 Annual Internal Audit Report
August 31, 2022

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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 which includes the Fiscal Year 2022 Internal Audit Plan on its website at www.cprit.texas.gov. CPRIT's Oversight Committee reviewed and approved the Annual Internal Audit Report as part of their regular meeting held on November 7, 2022. In accordance with Texas Government Code, Section 2102.015, CPRIT will post this report on its website within 30 days of the Oversight Committee's approval.

The table in Section II below provides a detailed summary of the weaknesses, deficiencies, wrongdoings or other concerns raised by performance of the audit plan and the actions taken by the agency to address any of those issues identified.

II. Internal Audit Plan for Fiscal Year 2022

The internal audits planned and performed for fiscal year 2022 were selected to address the agency's highest risk areas, based on the risk assessment update conducted in 2020, which included input from CPRIT management. The audits conducted during fiscal year 2022 are listed below.

| Internal Audit | Report Date | Current Status |
|--|------------------|---|
| Vendor Contract Compliance Audit | October 26, 2022 | The report was issued October 26, 2022. Follow-up procedures to verify that recommendations have been addressed are included in the proposed 2023 Internal Audit Plan. |
| Purchasing | NA | The audit was re-schedule to fiscal year 2023. |
| Information Technology General Computer Controls Follow-Up | NA | Due to CPRIT staffing considerations with Oversight Committee approval, follow-up procedures were cancelled. |
| Information Security Follow-Up | NA | Due to CPRIT staffing considerations with Oversight Committee approval, follow-up procedures were cancelled. |
| Communications Follow-Up | October 28, 2022 | This audit is complete. Follow-up Procedures to address the remaining outstanding findings is included in the FY 2023 Internal Audit Plan. |
| Governance Follow-Up | October 28, 2022 | This audit is complete and all open internal audit findings were remediated. |

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III. Consulting Services and Non-audit Services Completed

Weaver, as the agency's Internal Auditor, provided audit consulting services in one area, as defined in the Institute of Internal Audit Auditors' International Standards for the Professional Practice of Internal Auditing. The area, the report date and status of those services are provided in the table below.

| Audit | Report Date | Current Status |
|---|------------------|--|
| IT General Computer Controls Remediation Assistance | NA | Advisory procedures are complete. The procedures included providing templates for the performance of internal controls and policy documents for CPRIT's Management to adopt and implement. |
| Disaster Recovery and Business Continuity Planning Advisory Follow-Up | October 28, 2022 | This advisory follow-up audit is complete. Follow-up procedures to verify that corrective action has been performed on the remaining open findings are included in the proposed 2023 Internal Audit Plan. |

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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 issued in October 2019.



Report on Firm's System of Quality Control

October 16, 2019

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, 2019. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

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Opinion

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, 2019, 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

V. Internal Audit Plan for Fiscal Year 2023

The Internal Audit Plan was submitted to the Audit Subcommittee of the CPRIT Oversight Committee. The Audit Subcommittee approved the plan on August 1, 2022, and the Oversight Committee subsequently approved the plan on August 17, 2022. Below is the Fiscal Year 2022 Internal Audit Plan submitted to the agency’s Oversight Committee based on the results of the 2022 Internal Audit Risk Assessment Update. The approved internal audit plan was submitted to the State Auditor’s Office prior to November 1, 2022.

| Fiscal Year 2023 Internal Audit Plan | | |
|--------------------------------------|------------------|-----------------|
| Audit Area | 2022 Risk Rating | Estimated Hours |
| Contract Risk Assessment | High | 280 |
| Post-Award Compliance Program | High | 180 |
| Purchasing | High | 150 |
| IT General Controls | High | 320 |

Planned follow-up procedures for fiscal year 2023 to verify and communicate with Management the remediation efforts of prior Internal Audit Recommendations.

| Fiscal Year 2023 Follow-up Procedures | | |
|--|------------------|-----------------|
| Audit Area | 2022 Risk Rating | Estimated Hours |
| Vendor Contract Compliance | High | 60 |
| Communications | Moderate | 40 |
| Disaster Recovery and Business Continuity Advisory | High | 40 |
| IT Security Follow-up | High | 100 |

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As part of the risk assessment, CPRIT assesses the probability and impact of the following risk categories across all significant activities of the agency, which include the information technology risks and considerations related to Title 1, Texas Administrative Code, Chapter 202:

- financial and fraud risk
- operations, complexity, and human capital risk
- information technology risk
- regulatory compliance and public policy risk, and
- reputational risk

Taking into consideration the input from the CPRIT management, all significant activities are assigned a risk score for probability and impact related to each risk category. The overall risk rating (High, Moderate or Low) is assigned to each significant activity based on the activity's average risk rating.

The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing "High" risk activities.

The 2022 Internal Audit Risk Assessment Update resulted in ten (10) Significant Activities rated as "High" risk. Six (6) of the ten (10) Significant Activities are not included in the Fiscal Year 2023 Internal Audit Plan. Those activities are as follows:

1. Pre-Award Grant Management
2. Post-Award Grant Monitoring
3. Commodity and Service Contracts
4. Procurement and P-Cards
5. Internal Agency Compliance
6. Application Development and Management

VI. External Audit Services Procured in FY 2022

CPRIT engaged McConnell & Jones, LLP, a certified public accounting and consulting firm, as their external auditors for FY 2022.

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.texas.gov and also has a dedicated page to fraud prevention and reporting on its website at <https://www.cprit.texas.gov/about-us/fraud-reporting>.
- 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.