

Internal Audit Report

Grantee: The Cooper Institute

Report #2013-04

July 18, 2013



CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

Introduction

As part of the Cancer Prevention Research Institute of Texas (“CPRIT”) FY 2013 Grantee Internal Audit plan, a review of The Cooper Institute CPRIT grant was completed.

Background

The Cooper Institute (“Cooper”), established in 1970, is a 501.c.3. nonprofit research and education organization dedicated globally to preventive medicine. Cooper’s work is diverse and focuses on advancing preventive health practices for both children and adults.

CPRIT awarded the Cooper Institute a two year \$591,384 grant in March of 2011 along with a 6 month extension ending August 31, 2013.¹ The CPRIT grant allows Cooper to develop weight management tools and resources for the public and health care professionals. With these tools and resources, doctors and nurses are able to earn continuing medical education (CME) and continuing education unit (CEU) in a variety of formats while patients and the public have access to their website, www.TodayIWill.com. The web site provides tools and resources to help manage weight and also provides a forum where people can write about and learn from others on topics and issues related to weight.

Audit Objectives and Scope

Objectives

1. To determine if expenditures are 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.

Scope

1. Cooper’s expenses related to the CPRIT grant spent between September 2011 and May 2013 were covered under the scope of this audit.
2. Detailed testing of selected expense transactions was performed.

Summary of Findings

Cooper’s CPRIT grant expenditures were appropriate, and complied with CPRIT’s policies for allowable expenses. Cooper’s current processes and controls in place surrounding the CPRIT expenditures are effective and timely.

Testing Approach

Analytical and substantive procedures for Cooper’s expenses related to the CPRIT grant were performed to ensure the grantee complied with CPRIT’s reimbursement policy. Through interviews and inspection of the general ledger, internal audit developed an understanding of the key processes and activities related to the CPRIT grant and reimbursement process.

¹ Figures provided by the CPRIT website. <http://www.cprit.state.tx.us/funded-grants/>

Our procedures included discussions with the following Cooper personnel:

Name	Title
Mark Donovan	Associate Director of Accounting

Substantive testing was also applied to the CPRIT expense transactions. Supporting documents were reviewed for accuracy, completeness, appropriateness, classification and timing. Examples of supporting documents include bank statements, employee expense reports, receipts and invoices. Internal audit also verified that each expense was allowable per CPRIT's Expense Reimbursement Policy.

Internal Audit then traced the transactions within the general ledger to the Financial Status Report to ensure that all amounts were completely and accurately reported and expenses were appropriately categorized to the CPRIT grant. Internal Audit also confirmed that all expenses were incurred within the dates set forth in the CPRIT grant contract.

Audit Results

The Cooper Institute's internal procurement policy and procedures were reviewed, and interviews with key personnel were conducted to ensure that appropriate controls were in place regarding the CPRIT grant expenditures.

Procurement and Cash Disbursements

Purchase requisitions are reviewed and authorized by the appropriate level of management. Authorization levels and signatory approvals are divided up into two broad categories, defined as:

- Category "A" – Federal Direct Grant Expense: These are purchases and expenses charged directly to a Federal grant, including Federal subcontracts, for which the Institute has been awarded and funded.
- Category "B" – These are all other purchases and expenses, including non-grant expenses, indirect or division-level expenses, pre-award grant expenses, or capital expenditures.

The CPRIT grant funds fall under Category "B". The purchase requisition, invoice, and cash disbursements are all reviewed by appropriate personnel to insure that the expense is properly coded to the CPRIT grant.

During the period of September 2011 – May 2013, Cooper submitted seven Form 269As to CPRIT, totaling approximately \$424,000. The Cooper Institute's general ledger and supporting documents for all expenses related to the CPRIT grant were reviewed by Internal Audit. Internal Audit performed substantive testing for 100% of the population of expense transactions for the period of September 2011 – May 2013. Internal Audit began by vouching the expenses per the general ledger to the supporting documents verifying that the amount, date, and classification of each expense was properly recorded in the general ledger.

Internal Audit then traced the transactions within the general ledger to the Form 269A to ensure that all amounts were accurately reported and that expenses were appropriately categorized and reported to CPRIT. Internal Audit also ensured that all expenses were incurred within the dates set forth in the CPRIT grant contract and that no expense was reimbursed prior to it being incurred by the grantee.

Next, Internal Audit inspected the approval documentation of all CPRIT expenditures and confirmed that appropriate approval was obtained for all purchases. Internal audit noted that 100% of the CPRIT grant expenses were accompanied by complete, accurate, and appropriate supporting documentation. Internal

Audit verified that the transaction dates fell within the terms of the contract, the reimbursement amounts were reasonable, and verified that the business purpose of each expense was related to the CPRIT grant.

Recommendations

The Cooper Institute demonstrates effective internal controls and appropriate reimbursement procedures related to the CPRIT grant. The efforts of personnel to ensure compliance with CPRIT policies and procedures has allowed for accurate expense reporting and retention of supporting documentation. During the review, it was noted that some of the expenditures' descriptions were too general or vague, which resulted in additional discussions regarding the purpose of the expenditure. To further improve on their internal procedures around supporting documentation, Cooper should include detailed explanations of expenses related to the CPRIT grant to provide clarification around the purpose and nature of the expenditures.