

# Internal Audit Report

## Grantee: Texas AgriLife Extension Service

Report #2014-107

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August 1, 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 Texas AgriLife Extension Service has been completed.

## Background

Texas AgriLife Extension Service (the “Agency”) is a unique education agency that reaches into every Texas county to address local priority needs. Texas A&M University was founded in 1876 and is one of the largest systems of higher education in the nation, with a statewide network of 11 universities, seven state agencies, two service units and a comprehensive health science center. Texas AgriLife Extension Service was established in 1915 and has a network of 250 county offices and 900 professional educators.

Since CPRIT’s establishment in 2008, the Agency has received two prevention grants totaling over \$3 million<sup>1</sup>. The audited CPRIT grant provided funds to:

- Increase breast and cervical cancer screening and diagnostic services in 49 rural, frontier, and border counties to improve early detection (PP120099)

## 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.

### Scope

1. The Agency’s expenses related to the CPRIT grant identified above, between September 2012 and December 2013 were covered under the scope of this audit.
2. Detailed testing of selected expense transactions was performed.

Note: This audited grant did not receive funds to purchase equipment so this area was not in scope. This grant is categorized as a prevention grant so the matching funds requirement was not in scope.

## Summary of Findings

Internal Audit did not note any significant issues related to the Agency’s expense reimbursement process. All samples tested were accompanied by complete, accurate, and appropriate supporting documentation.

## Testing Approach

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

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

Our procedures included discussions with the following Texas AgriLife Extension Service personnel:

Name	Title
Evan Bryant	Senior Manager – Quality Assurance

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 60% of expenditures reported on the CPRIT Financial Status Report (FSR). One to five 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, employee expense reports, and accounts payable subledger reports. Internal Audit also verified that each sampled expense was allowable per CPRIT's Expense Reimbursement Policy.

The selected expenditures claimed in the CPRIT FSRs were selected from categories including personnel, travel, equipment, supplies, contractual, services and other. For all expenditures claimed, supporting documents were reviewed for accuracy, completeness, appropriateness, classification and timing. Examples of supporting documents include invoices, receipts, employee expense reports and the accounts payable subledger reports. Internal Audit also verified that each sampled expense was allowable per CPRIT's Expense Reimbursement Policy.

#### **Audit Results**

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

To evaluate the effectiveness of the Agency's expense reimbursement process, Internal Audit performed substantive testing on 285 judgmentally selected expense reimbursement transactions totaling approximately \$560,000 during the period of September 2012 – December 2013 for the grant selected as part of the review. All supporting documentation was available for each sample. Internal Audit vouched the expenses per the general ledger to the supporting documents.

Internal Audit then traced the transactions within the general ledger to the FSRs (Form 269A) to verify that all amounts were accurately reported and that expenses were appropriately categorized and reported to CPRIT. Upon review of all documentation requested, Internal Audit noted that appropriate supporting documentation was available and all expenses claimed were allowable.