

February 27, 2014

Mr. Wayne Roberts
Chief Executive Officer
Cancer Prevention and Research Institute of Texas
211 E. 7th St., Suite 300
Austin, Texas 78701-3285

Dear Mr. Roberts:

The Financial Reporting Section (FRS) of the Comptroller of Public Accounts has reviewed the independent financial audit of the Cancer Prevention and Research Institute of Texas (CPRIT) for fiscal year ended Aug. 31, 2013. The audit was prepared by the accounting firm of McConnell & Jones, LLP.

This review only determines if the audited annual financial report (AFR) and notes are in compliance with the FRS published *Reporting Requirements for Annual Financial Reports*. Compliance with the requirements helps ensure that agency information is presented accurately for inclusion in the *State of Texas Comprehensive Annual Financial Report*. In past reviews, FRS has recommended numerous suggestions, most of which have been implemented. FRS has the following comments based on the review of the latest audited report.

- 1) The auditors made an adjustment in the amount of \$7,359,629.38 to pass-through expenditures and due to other agencies. The supporting documentation provided did not clearly identify which agency or agencies were affected by the additional accruals. In the future, supporting documentation must clearly identify additional accrual amounts by each agency impacted in order for appropriate entries to be made in the Uniform Statewide Accounting System (USAS).
- 2) An entry made to operating expenses and transfers in for \$1,770,080.00 per AJE #2 in the audit working papers was found to be a duplicate of entries already made in USAS. The expenses were already entered in USAS on document number U5424012 and the transfer in for CPRIT had already been entered by the Texas Public Finance Authority on document number T1400015. These amounts had to be deducted from the audited report totals in order to balance the entry made in USAS.
- 3) The Note numbering sequence in the audited report should follow the same sequence as the CPRIT unaudited report which is numbered per the reporting requirements. The Note titles should be the same as well, for example "Prior Period Adjustments" should be titled "Adjustments to Fund Balances/Net Position." Following this requirement helps minimize any confusion in reference to the notes during discussions with CPRIT staff.
- 4) To prevent future discrepancies and misunderstandings, CPRIT should ensure the accounting firm conducting the audit is familiar with the Comptroller's Reporting Requirements for Annual Financial Reports and with USAS. The FRS staff is available for any assistance needed in interpreting the annual financial report guidelines.



Mr. Wayne Roberts

February 27, 2014

Page Two

A separate email will be sent to the CPRIT staff with suggestions on report preparation to minimize differences between the unaudited and audited AFR. Other than the comments above, no other non-compliance items were noted with the *Reporting Requirements for Annual Financial Reports*.

We appreciate the opportunity to review the audit report and are available to work with the administrative staff of CPRIT to improve future financial reports. If you have any questions or comments, please contact Peggy Wagman in Fiscal Management's Financial Reporting section at peggy.wagman@cpa.state.tx.us or 512-305-8636.

Sincerely,

Phillip Ashley, CPA, CGFM
Director of Fiscal Management

cc: Peggy Wagman

