



The University of Texas System
Nine Universities. Six Health Institutions. Unlimited Possibilities.

System Audit Office

201 West Seventh Street, Austin, Texas 78701-2981
Phone: 512-499-4390 Fax: 512-499-4426

January 7, 2013

Kenneth I. Shine, M.D.
Executive Vice Chancellor for Health Affairs
Office of Health Affairs
The University of Texas System Administration
601 Colorado Street, 2nd Floor
Austin, Texas 78701

Dear Dr. Shine:

We have audited the Texas Council on Alzheimer's Disease and Related Disorders Report of Revenue and Expenditures (Cash Basis) for the Fiscal Year ended August 31, 2012, pursuant to contractual obligations. The detailed report is attached for your review.

We conducted our engagement in accordance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

We appreciate the assistance provided by the Office of the Controller and the Office of Health Affairs. We hope the information presented in our report is helpful.

Sincerely,

J. Michael Peppers, CIA, CRMA, CPA, FACHE
Chief Audit Executive

www.utsystem.edu

cc: Francisco G. Cigarroa, M.D., Chancellor
Mr. Randy F. Wallace, Associate Vice Chancellor, Controller & Chief Budget Officer
Mr. Alan Werchan, Assistant Budget Officer
Ms. Janet C. Cole, Assistant to the Executive Officer for Health Affairs
Ms. Debbie Hanna, Chair of Texas Council on Alzheimer's Disease and Related Disorders

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
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The University of Texas - Pan American
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of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler

The University of Texas
Southwestern Medical Center at Dallas

The University of Texas
Medical Branch at Galveston

The University of Texas
Health Science Center at Houston

The University of Texas
Health Science Center at San Antonio

The University of Texas
M. D. Anderson Cancer Center

The University of Texas
Health Center at Tyler



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January 7, 2013

Ms. Deborah S. Hanna
Chair

The Texas Council on Alzheimer's Disease and Related Disorders
Capital of Texas Chapter
3429 Executive Center Dr. #100
Austin, TX 78731

Dear Ms. Hanna:

Attached is the Report of Revenues and Expenditures (Cash Basis) for the Fiscal Year ended August 31, 2012. In our opinion, the accompanying Report of Revenues and Expenditures presents fairly, in all material respects, the Council on Alzheimer's Disease and Related Disorders (Council) activity for the fiscal year ended August 31, 2012. This statement is sent to you to serve as fulfillment of the requirement that the financial statement submitted by The University of Texas System to the Council be accompanied by an internal auditor's opinion every even year during the tenure of the contract.

Our examination was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Sincerely,

J. Michael Peppers, CIA, CRMA, CPA, FACHE
Chief Audit Executive

cc: Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs
Mr. Randy F. Wallace, Associate Vice Chancellor, Controller & Chief Budget Officer
Mr. Alan Werchan, Assistant Budget Officer
Ms. Janet C. Cole, Assistant to the Executive Officer for Health Affairs

**The University of Texas System Administration
The Texas Council on Alzheimer's Disease
and Related Disorders Report
FY 2013**



January 2013

**THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
702 COLORADO STREET, CLB 3.100
AUSTIN, TX 78701
(512) 499-4390**



Audit Report

January 2013

Background

The Texas Council on Alzheimer's Disease and Related Disorders (Council) was established by the Texas Legislature in 1987 to advocate for persons with Alzheimer's disease and those who care for them. Council members are appointed by the Governor, the Lieutenant Governor, and Speaker of the House. Additionally, council appointments include members representing the Texas Department of State Health Services, Texas Health and Human Services Commission, and the Texas Department of Aging and Disability Services. The Council's mission includes:

1. Recommending needed action for the benefit of persons with Alzheimer's disease and related disorders and their care givers.
2. Disseminating information on services and related activities for persons with Alzheimer's disease and related disorders to the medical and healthcare community, academic community, primary family care givers, advocacy associations, and general public.
3. Facilitating coordination of services and activities of state agencies, other service providers and advocacy groups relating to persons with Alzheimer's disease and related disorders.
4. Advocating statewide coordinated research and to increase dollars allocated for research to benefit persons with Alzheimer's disease and related disorders.

In 2006, the Lieutenant Governor requested The University of Texas (UT) System serve as the accounting agent for the Council. The Office of Health Affairs acts in this capacity for UT System. The Texas Higher Education Coordinating Board transfers appropriated funds to UT System, for the interests of the Council, every two years following meetings of the Texas Legislature (which occur every odd-numbered year). As agent for the Council, the Office of Health Affairs issues payment for Council approved expenditures and submits an annual financial statement prepared using the cash basis of accounting to the Council chair. UT System acts strictly as an accounting agent for the Council and remits payments based on the Council's instructions. The Council is responsible for reviewing and determining the appropriateness of expenditures made by third parties. Except for instruction to pay on the Council's behalf, the UT System is not responsible for receiving, maintaining, or reviewing underlying support for amounts transferred by UT System to authorized third parties.

As dictated by the agreement between UT System and the Council, the cash basis financial statement prepared and submitted to the Council must be accompanied by an internal auditor's opinion every even year, covering the first fiscal year of a given appropriation of funds, during the tenure of the contract. This audit is a result of that requirement.

Audit Scope and Methodology

The scope of this audit was limited to the Texas Council on Alzheimer's Disease and Related Disorders Report of Revenue and Expenditures (Report of Revenues and Expenditures) for the period from September 1, 2011 through August 31, 2012 (see *Appendix A*). The financial statement was prepared using the cash basis by the UT System budget office. The extent of our procedures was limited to the following:

- We tied out the Texas Council on Alzheimer's disease and Related Disorders Report of Revenue and Expenditures (cash basis) to accounts in the *DEFINE accounting system; and



**The University of Texas System Audit Office
The Texas Council on Alzheimer's Disease and Related Disorders
Fiscal Year 2013**

- We tested a sample of revenue and expenditure transactions to determine whether amounts were properly authorized, accurately recorded, and had sufficient supporting documentation of approval. The supporting documentation examined was limited to documented approval from the Council to remit payments to authorized third parties.

We conducted our audit in accordance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Audit Objectives

The objective of this engagement was to determine if the Report of Revenues and Expenditures submitted by UT System to the Council fairly represented, on the cash basis, the revenues and expenses for the period from September 1, 2011 through August 31, 2012.

Audit Results and Conclusion

We agreed the Report of Revenues and Expenditures to the amounts recorded in the applicable accounts in the *DEFINE accounting system without exception. Additionally, it appears that revenue and expense transactions were properly authorized, accurately recorded, and had sufficient supporting documentation of approval. Overall, the Report of Revenues and Expenditures, presents fairly the Council's revenues and expenditures, on the cash basis, for the period from September 1, 2011 to August 31, 2012.

We would like to thank the staff from the Office of Health Affairs and the Office of the Controller for their support and assistance during this audit. We hope that the information in this report is helpful.

J. Michael Peppers, CIA, CRMA, CPA, FACHE
Chief Audit Executive

Anne R. Heitke, CISSP, CISM, CISA
Manager of Audits



The University of Texas System Audit Office
 The Texas Council on Alzheimer's Disease and Related Disorders
 Fiscal Year 2013

Appendix A

Texas Council on Alzheimer's Disease and Related Disorders
 Report of Revenue and Expenditures (Cash Basis)
 For the Fiscal Year Ended August 31, 2012

Cash Balance Forward at September 1, 2011:	\$ 319,790.08
Revenue:	
Funding Appropriated for 2012-13 Biennium from THECB	5,230,625.00
Less Refunds to THECB related to Prior Biennia	(9,487.87)
Gift Revenue	<u>2,329.00</u>
Total Revenue	5,223,466.13
Expenditures:	
Institutional Contracts:	
Baylor College of Medicine	528,300.00
University of North Texas HSC	540,758.00
University of North Texas HSC (Return of 2011 Funds)	(3,290.55)
University of Texas Southwestern Medical Center	725,212.00
University of Texas Southwestern Medical Center (Return of 2011 Funds)	(6,193.75)
Texas Tech University HSC	387,600.00
Texas Tech University HSC (Return of 2011 Funds)	(26,105.53)
University of Texas HSC at San Antonio	<u>409,203.00</u>
Subtotal	2,555,483.17
Consulting Contracts:	
Hinds Service Contract	90,000.00
UT System - Fiscal Agent Services	30,000.00
Weeks & Co. - Public Affairs	2,500.00
Rules Based Medicine, Inc. - Biomarker Testing Analysis	<u>166,415.00</u>
Subtotal	288,915.00
Miscellaneous Expenses:	
Conference/Training/Business Meeting	529.03
Communications/Video/Web/Printing	3,198.64
Conference Calls	979.51
Freight/Delivery Service	210.39
Individual Travel Reimbursements	<u>2,135.53</u>
Subtotal	7,053.10
Total Expenditures	<u>2,851,451.27</u>
Cash Balance Available at August 31, 2012:	<u>\$ 2,691,804.94 *</u>

* Of the reported cash balance at August 31, 2012, a total of \$7,500.00 is committed to accrued obligations paid in September 2012. Also included in the Cash Balance Available at August 31, 2012, are unexpended balances of \$557.77 and \$26,105.53 resulting from funding provided through the Texas Higher Education Coordinating Board (THECB) for the 2008-09 and 2010-11 biennia, respectively. Pursuant to both biennial agreements between the Council and THECB, these unexpended funds are to be returned to THECB.