

17-111 Lyda Hill Foundation Audit Moon Shots Expenditures

Background

In February 2013, Lyda Hill pledged a gift of \$50 million to support programs outlined in the institution's strategic plan, later earmarked for the Moon Shots Program. This pledge is being paid annually over a 5 year period through 2017. The funding provided is being allocated across a spectrum of cancer care from prevention to early detection through treatment. The purpose of this audit was to address the donor's request for an internal audit. The audit was performed to determine whether expenditures were in accordance with institutional guidelines, adequately supported, and reasonable and beneficial to the programs.

Audit Results

We have audited the Lyda Hill Foundation Moon Shots Financial Report submitted to the donor in April 2017. This report is the responsibility of the Moon Shots program leadership. Our responsibility is to express an opinion on the report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Institute of Internal Auditor's International Professional Practices Framework. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the expenditures reported. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, we found the expenditures, in all material respects, were in accordance with institutional fund requirements, adequately supported, and reasonable and beneficial to the Moon Shots programs. While the audit did identify minor expenditure classification errors, the expenditures appeared appropriate and are reflected in the expenditure categories in

Appendix A.

Appendix A details the audited Lyda Hill Moon Shots Expenditures by Classification. While it agrees in total to the April 2017 reports provided to the donor, there may be minor differences in expense classifications based upon the audit. **Appendix B** outlines the methodology for this project.

The courtesy and cooperation extended by the personnel in the Development Office and the Moon Shots Program are sincerely appreciated.



Sherri Magnus, CPA, CIA, CFE, CRMA
Vice President & Chief Audit Officer
November 20, 2017

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Appendix B

Objective, Scope and Methodology:

The objective of this audit, performed at the request of the donor, was to determine whether expenditures were in accordance with institutional guidelines, adequately supported, and reasonable and beneficial to the programs. Testing periods varied based upon the Moon Shots program; however, all selected transactions occurred between 2014 and 2017.

Our methodology included the following procedures:

- Reviewed Lyda Hill pledge agreement and related documentation.
- Interviewed key personnel in Development and Moon Shots Program to gain an understanding of the donation, institutional guidelines, fund allocations, expenditures and reporting.
- For a sample of expenditures selected from the Moon Shots where Lyda Hill funds were allocated, tested payroll and non-payroll expenditures for compliance with institutional guidelines, supporting documentation, and reasonableness.

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

Number of Priority Findings to be monitored by UT System: None

A Priority Finding is defined as “an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”

Appendix A - Classification of Expenditures ¹

Account Name	FY14 Lung Early Detection	FY14 Lung Prevention	FY14 Melanoma Immunotherapy	FY14 Melanoma Prevention	FY14 Cancer Control & Prevention	FY14 Proteomics	FY14 Chronic Lymphocytic Leukemia (CLL)	FY14 APOLLO	FY15 Lung Early Detection	FY16 Lung Prevention	FY16 Melanoma Prevention	FY16 Cancer Control & Prevention	FY16 Women's Cancers Screening & Prevention	FY16 Colorectal Cancer Early Detection & Prevention	FY16 HPV Prevention	FY16 Pancreatic Early Detection	Line Item Totals
Personnel Personnel	\$ 1,026,608.70	\$ 655,599.72	\$ 404,675.41	\$ 734,543.43	\$ 784,399.03	\$ 628,998.31	\$ 258,764.42	\$ 487,562.54	\$ 2,427,380.97	\$ 1,176,792.71	\$ 586,559.04	\$ 973,817.21	\$ 160,507.55	\$ 55,526.57	\$ 837,367.25	\$ 283,233.93	\$ 11,482,336.79
Medical & Drug Supplies Drugs Patient Charge			\$ 30.60				\$ 231.20							\$ 78.83			\$ 340.63
Patient Charge Medical Supplies			\$ 3,532.77							\$ 39.12							\$ 3,571.89
Patient Non Charge Chem - Biochem	\$ 55,371.98	\$ 23,495.06	\$ 2,424.51			\$ 70,656.36	\$ 22,087.29	\$ 886,820.83	\$ 278,582.80		\$ 1,231.82			\$ 3,535.18	\$ 135.30	\$ 53,975.18	\$ 1,398,316.31
Patient Non Charge Medical Supplies	\$ 931.68		\$ 295.22				\$ 102.88		\$ 4,908.33					\$ 456.36		\$ 2,028.42	\$ 8,722.89
Subtotal	\$ 56,303.66	\$ 23,495.06	\$ 6,283.10	\$ -	\$ -	\$ 70,656.36	\$ 22,421.37	\$ 886,820.83	\$ 283,491.13	\$ 39.12	\$ 1,231.82	\$ -	\$ -	\$ 4,070.37	\$ 135.30	\$ 56,003.60	\$ 1,410,951.72
Other Supplies Animals and Animal Supplies														\$ 557.80	\$ 820.00		\$ 1,377.80
Books Educational Materials Non Patient					\$ -		\$ 604.50				\$ 88,888.88	\$ 159.98		\$ 495	\$ 123.90		\$ 90,272.26
Computer Software Licenses							\$ 49,750.00										\$ 49,750.00
Laboratory Supplies	\$ 29,481.95	\$ 18,940.30	\$ 3,054.68			\$ 68,151.13	\$ 65,607.05	\$ 354,534.58	\$ 47,745.87	\$ 377,752.07			\$ 6.08	\$ 5,308.40	\$ 6,097.84	\$ 86,164.23	\$ 1,062,844.18
Office Supplies ^f	\$ 831.78	\$ 736.96		\$ 1,062.16			\$ 455.17	\$ 16.52	\$ 837.98	\$ 406.92			\$ 81.81		\$ 2,000.00	\$ 130.01	\$ 6,559.31
Other Purchased Services ^d								\$ 28,014.00									\$ 30,516.93
Repair Supplies and Parts								\$ 6,073.80									\$ 6,672.60
Subtotal	\$ 30,313.73	\$ 19,677.26	\$ 3,054.68	\$ 1,062.16	\$ -	\$ 68,151.13	\$ 66,666.72	\$ 438,388.90	\$ 48,583.85	\$ 378,158.99	\$ 88,888.88	\$ 159.98	\$ 87.89	\$ 5,866.20	\$ 12,496.57	\$ 86,436.14	\$ 1,247,993.08
Purchased Services Advertising Marketing ^g					\$ 620.00					\$ 29,103.28	\$ 33,505.00						\$ 361,777.04
Clinical Reference Lab Testing																	\$ 377.00
Conference Registration Fees & Services ^h	\$ 500.00			\$ 656.00	\$ 11,309.23					\$ 3,941.75	\$ 1,675.00	\$ 3,625.00	\$ 2,325.00				\$ 26,252.12
Consulting and Professional Services	\$ 837.20	\$ 2,639.92		\$ 64,637.50	\$ 305,554.53			\$ 28,517.50	\$ 19,014.21	\$ 39,538.79	\$ 50,289.00	\$ 1,006,076.81				\$ 1,909.27	\$ 1,521,514.73
Financial/Medical/Architectural Services									\$ 83,500.00								\$ 84,056.00
Freight and Delivery	\$ 2,216.98	\$ 245.73	\$ 431.19	\$ 650.00	\$ 75.37	\$ 561.86	\$ 4,625.42	\$ 11,574.23	\$ 7,767.01	\$ 37.10	\$ 729.13	\$ (106.28)	\$ 39.00	\$ 577.37	\$ 948.17	\$ 3,059.89	\$ 33,432.17
Interdepartmental Service - Animal Maintenance Service							\$ 1,084.90								\$ 4,434.76		\$ 5,519.66
Interdepartmental Service - Lab Services	\$ 20.00	\$ 65,520.00				\$ 1,950.75		\$ 45,954.05	\$ 1,396.00	\$ 4,932.50	\$ 1,770.00			\$ 10,768.35	\$ 207.50	\$ 132,519.15	
Interdepartmental Service - Other Purchased Services	\$ 1,003.49	\$ 74,033.50	\$ 10,475.00	\$ 14,732.82	\$ 7,426.70		\$ 2,232.50		\$ 463.51	\$ 56,361.25	\$ 1,055.71	\$ 3,139.94	\$ 7,280.50	\$ 7,919.35	\$ 134.55	\$ 186,258.82	
Parking Employ Outside Vendors																	\$ 288.00
Patient Protocol PBS Transfer									\$ 194,875.58								\$ 196,504.70
Postal Services	\$ 6.10	\$ 71.29							\$ 149.54	\$ 403.41	\$ 39.94	\$ 19.12	\$ 207.57				\$ 1,156.59
Printing and Publishing	\$ 874.58	\$ 1,364.27		\$ 2,560.99	\$ 2,723.67				\$ 368.56	\$ 207,426.02	\$ 51,576.55	\$ 122.60					\$ 267,433.55
Service Agreements with other Institutions for Patient Research	\$ 2,453.24				\$ 311,864.98				\$ 396,751.58			\$ 78,697.80					\$ 1,341,335.07
Research Participant Fees		\$ 4,008.00								\$ 64,268.00							\$ 68,276.00
Temporary Personnel					\$ 83,743.34						\$ 9,289.12	\$ 117,630.90					\$ 264,774.56
Tuition ^e																\$ 1,881.70	\$ 1,881.70
Subtotal	\$ 7,911.59	\$ 147,882.71	\$ 10,906.19	\$ 83,237.31	\$ 723,317.82	\$ 2,512.61	\$ 7,942.82	\$ 86,045.78	\$ 704,285.99	\$ 406,012.10	\$ 149,929.45	\$ 1,209,205.89	\$ 9,852.07	\$ 577.37	\$ 935,397.52	\$ 8,339.64	\$ 4,493,356.86
Facilities Maintenance and Repair ^a	\$ 55.03					\$ 1,508.00		\$ 323,048.00	\$ 6,132.95						\$ 195.00		\$ 330,938.98
Rental and Lease Equipment		\$ 84.70		\$ 63.70	\$ 35.40					\$ 3,651.10	\$ 1,181.10						\$ 5,016.00
Telecommunication Charges ^f										\$ 20,044.60	\$ 73.19	\$ 9.95			\$ 82.71		\$ 20,210.45
Subtotal	\$ 55.03	\$ 84.70	\$ -	\$ 63.70	\$ 35.40	\$ 1,508.00	\$ -	\$ 323,048.00	\$ 6,132.95	\$ 23,695.70	\$ 1,254.29	\$ 9.95	\$ -	\$ -	\$ 277.71	\$ -	\$ 356,165.43
Travel Domestic Travel ^b		\$ 3,331.03		\$ 3,653.99	\$ 66,650.52				\$ 11,101.98	\$ 9,337.63	\$ 12,985.63	\$ 10,711.09	\$ 4,840.12		\$ 15,844.21		\$ 138,456.20
Foreign Travel ^b	\$ 4,454.22			\$ 17,514.53					\$ 32,859.02			\$ 1,727.68			\$ 7,788.62		\$ 64,344.07
Non-employee Travel ^c	\$ 2,201.26			\$ 5,475.71								\$ 975.91	\$ 4,525.93		\$ 227.90		\$ 13,406.71
Subtotal	\$ 6,655.48	\$ 3,331.03	\$ -	\$ 3,653.99	\$ 89,640.76	\$ -	\$ -	\$ -	\$ 43,961.00	\$ 9,337.63	\$ 12,985.63	\$ 13,414.68	\$ 9,366.05	\$ -	\$ 23,860.73	\$ -	\$ 216,206.98
Equipment Equipment	\$ 146,980.04			\$ 27,290.00		\$ 78,321.74	\$ 69,192.50	\$ 3,188.17	\$ 13,213.92	\$ 5,857.07		\$ -		\$ 4,053.39	\$ 17,789.39	\$ 16,157.06	\$ 382,043.28
Total	\$ 1,274,828.23	\$ 850,070.48	\$ 424,919.38	\$ 849,850.59	\$ 1,597,393.01	\$ 850,148.15	\$ 424,987.83	\$ 2,225,054.22	\$ 3,527,049.81	\$ 1,999,893.32	\$ 840,849.11	\$ 2,196,607.71	\$ 179,813.56	\$ 70,093.90	\$ 1,827,324.47	\$ 450,170.37	\$ 19,589,054.14

Over the course of this audit, Internal Audit identified expenditures that had been misclassified. These were reviewed and moved to the appropriate account classifications, or footnoted.

- a - Includes Electrical and Equipment.
- b - Includes air fare; hotel; meals; transportation, car rental, or mileage; and minor miscellaneous travel related expenditures.
- c - Includes travel of Consultants and Candidates for Recruitment
- d - Exome sequencing performed by external institute
- e - Tuition expenses were moved off of Moon Shot project, independent of Internal Audit review.
- f - Although classified as Office Supplies, these supplies are study related.
- g - FY16 Lung Detection expenditure consists primarily of patient study support devices utilized for daily patient interaction.
- h - FY16 HPV Prevention expenditure primarily related to large scale HPV prevention Back-to-School Campaign.
- i - FY16 Melanoma Prevention expenditure primarily related to printing of SunBeatables® tool kits
- j - FY16 Cancer Control & Prevention expenditure consists primarily of 25Strategies LLC and CATCH agreements.

¹Expenditures for each column begin with the stated Fiscal Year, and may encompass expenditures from subsequent Fiscal Years.