

August 26, 2021

TO: Tomas Guajardo
Associate VP, State & System Reporting

FROM: Sherri Magnus *Sherri Magnus*
Vice President & Chief Audit Officer

SUBJECT: 21-120 Coronavirus Aid, Relief, and Economic Security (CARES) Act
Coronavirus Relief Funds (CRF)

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Coronavirus Relief Fund (CRF) to make payments to states for specified uses. The State of Texas passed through CRF funds to state agencies and universities via grants from the Governor's Office. The Coronavirus Relief Funds (CRF) were to be used to "address expenses directly related to the agency's COVID-19 pandemic response."

MD Anderson received a grant for \$99,617,628 under the CRF to cover public safety and public health personnel costs for employees substantially dedicated to MD Anderson's COVID-19 pandemic response for FY 2021¹. The objective of this audit was to ensure the expenses applied to the CRF met the requirements established prior to the deadline for final submission under the grant award.

Modify Personnel Costs Applied to the CRF

RANKING: MEDIUM

MD Anderson's Coronavirus Relief Fund (CRF) grant from the Governor's Office was awarded to cover personnel costs for employees substantially dedicated to the COVID-19 pandemic response, as defined by federal regulations.

Our audit identified 8 of 126 job titles originally applied to the grant that do not appear to be eligible. As a result, a total of \$838,979 in personnel expenses originally submitted for reimbursement are questioned.

MD Anderson is responsible for ensuring the grant funds are used appropriately. It appears that care was taken to ensure all costs applied to the grant were eligible. Job titles selected for consideration under the grant were reviewed for allowability by a representative of the Governor's Office prior to submission for reimbursement. Additionally, management requested that Internal Audit review the accuracy of expenses applied to the grant prior to the final submission deadline so that corrections, if necessary, could be made.

Recommendation:

We recommend that management review questionable job titles originally applied to the Coronavirus Relief Fund (CRF), consider replacing questioned expenses with personnel

¹ Expenses reimbursed under the CRF were incurred from September 1, 2020 through December 31, 2020.

costs of employees who clearly meet the criteria set forth under the CRF, and resubmit the changes to the Governor's Office for final review, approval, and reimbursement.

Management's Action Plan:

Responsible Executive: Ben Melson

Owner: Tomas Guajardo

Due Date: August 31, 2021

While job titles submitted for CRF reimbursement were initially reviewed and approved by a representative of the Governor's Office, we agree with the recommendation.

Corrected entries have been submitted and processed by the Comptroller's office via USAS in August 2021.

Refer to **Appendix A** for Objective, Scope and Methodology.

The courtesy and cooperation extended by the personnel in the Financial Planning & Analysis, General Accounting, and Human Resources departments are sincerely appreciated.

cc: Ben Melson, SVP and CFO
Juan Castro, VP, Finance
Mark Moreno, VP, Government Relations
Frances Chang, Sr. Financial Management Analyst

Appendix A

Objective, Scope and Methodology

Internal Audit conducted a review of the CARES Act Coronavirus Relief Funds (CRF) received from the Governor's Office. The objective was to ensure expenses met the requirements established for the period September 2020 through December 2020.

Our methodology included, but was not limited to, the following procedures:

- Review of the federal regulations relating to the CARES Act Coronavirus Relief Funds (CRF)
- Review of e-mail documentation from the Governor's Office, including grant awards, grant eligibility criteria, and clarification on how to apply the criteria to titles
- Mapping job titles, job codes, and related salary expenses submitted to the Uniform Statewide Accounting System (USAS) for reimbursement
- Review of job descriptions for questionable job titles to verify eligibility.
- Comparison of job titles to a report received from Human Resources listing all patient-facing job titles
- Interviews with Financial Planning & Analysis and General Accounting

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The internal audit function at MD Anderson Cancer Center is independent per the *Generally Accepted Government Auditing Standards (GAGAS)* requirements for internal auditors.

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.*"