

To: Benzene OC listserve (E-mail) <BenzConsort-OC@listserve.api.org>; Cagen, Stuart Z
SCC-HSE <stuart.cagen@shell.com>
From: Lorraine Twerdok <Twerdokl@api.org>
Cc: Mark Fitzsimmons (E-mail) <mfitzsim@steptoe.com>
Bcc:
Received Date: 2003-09-22 16:18:13 GMT
Subject: BHRC - revised minutes & audit recommendation spreadsheet

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To Benzene OC:

Please find attached revised minutes incorporating changes I received by email.

I would like to point out a few things on the various documents for your consideration:

1. 8/20/03 minutes - their are two brief additions:

* yellow highlighted text is from Brian inserting item that API/CEO communications be reviewed by consortium legal - he has asked for your feedback &/or agreement

* red text is in response to a request from Lynn & Patsy that a note to the file be made stating that OC still has responsibility for consortium finances, with the exception of the current Exec funding decision - is this note in the minutes sufficient?

2. I have highlighted the items on the spreadsheet that have due dates of September 30 - there are several. One of the items is a contract review by the OC. I'm not quite sure if this can be accomplished by Sept. 30, since it would require 1 or more OC to come to the API offices in DC. Can I please get some guidance on accomplishing the contract review task?

3. Brian has suggested that the next meeting be scheduled for early November, rather than early October as agreed at the 8/26/03 OC mtg. Pushing the meeting back would facilitate review of new financial reporting system (the first report using the new format is due to you Nov. 1 for 3Q03). I would appreciate your feedback on when to schedule the next call/meeting.

Thanks,
Lorraine

Attachments:

8-20-03 OC minutes.doc
8-26-03 OC minutes.doc
8-27-03 wrap up minutes.doc
Samuel Audit Recommendations 8-20-03.xls

**BHRC Oversight Committee Meeting
Monterrey, CA
August 26/27, 2003**

Participants:

Patrick Beatty, ChevronTexaco
Bill Broddle, ConocoPhillips
Don Burnett, BP
Stuart Cagen, Shell
Patsy Clegg, Shell
Brian Doll, ExxonMobil
Mike Johnston, ConocoPhillips
Lynn Russo, ExxonMobil
Bruce Jarrot, API
Paula Podhasky, API
Lorraine Twerdok, API

A quorum of the committee membership was in attendance, with representative from all sponsors present.

BHRC 2003 invoicing:

After brief review of options, a decision was made to invoice remaining contractual not-to-exceed amount. This will be invoiced in a manner to allow members to pay in full in 2003, or pay half in September 2003 and the other half in November/December 2003 or January 2004 (motion by Patsy, second by Bill, approved – all). API Financial Operations will be consulted to generate desired invoices. (requires action – Lorraine)

SHS Annual Meeting Deliverables:

- Executive summary by APCO.
- All plenary presentations and executive summary to be put onto the SHS website. (requires action – APCO, Matt)

Technical Committee (TC) proposed that Patrick Beatty should continue as chair of TC, with Stuart Cagen as Co-Chair and Chair of the TC Budget Workgroup.

OC approved the following locations for the next SHS Annual Meeting (Don not present)

- 2004 - Asilomar, CA in 3rd week of August
- 2005 - Shanghai (probably in early October)
- 2006 – Europe

Next Meeting:

Late September or early October 2003
Chicago, IL (BP host?)

**BHRC Financial Audit
Recommendations and Action Plan**

	A	B
1	Topic Area	Description of Issue(s)
2	Contracts / Grants	Per confirmation with Lorraine Twerdok, contractual/grants agreements exist between API on behalf of the BHRC consotium and the various studies/items listed above with the exception of Fudan University – Epidemiology Case Control Study and QA/QC Support. Outside Legal Counsel costs are contracted separately through API and charged back to the study. Although there was not enough time to review individual contracts, an overview of project activities, estimated costs, contract time period, milestones, and other associated activities should be stated in each contract. API and BHRC Committee should consider reviewing all contracts and obtaining contracts for Fudan University and QA/QC Support.
3		
4		
5		
6	University of Colorado (UCHSC)	The University of Colorado (UCHSC) study operates under a grant which encompasses the DP and ME studies which totals \$15,258,000. This represents approximately 67% of total project costs. As of December 2002, API has paid on behalf of the consortium \$7,515,759, as agreed, with another scheduled payment of \$5,040,261 due August 2003. As of March 2003, API reports UOC has spent \$4,136,955 leaving UOC with a balance of \$3,378,795.
7		
8		

AUTODATE

AUTOPATH

**BHRC Financial Audit
Recommendations and Action Plan**

	C	D	E	F	G
1	Recommendation	Action Plan	Responsible Person	Due Date	Imple - mented
2	Review and or rewrite (if necessary) the contracts to include and/or exclude addendums, attachments, letters, etc. related to the SHS.	1. To bring BHRC up to date, do a paper explaining budget changes from Jan 01 to Dec 01 Budget. 2. For future budget changes, the process will be: (1) written request from contractor (2) brought to TC Budget Work Group for a recommendation to the OC (3) OC approves/does not approve, (4) decision communicated to contractor via writing and communication attached to contract and API takes appropriate contractual actions. 3. Review all contracts.	1. History paper: Bruce/Lorraine 2. Future Process: OC API staff person 3. OC review contracts	Sept 30 03	
3	Contract should be obtained for Fudan University	Contract in place for 42K. Need to revise contract for full amount.	Bruce	YE03	
4	Contract should be obtained for QA/QC (External Pathology Review) support.	Not applicable - In UCSHC grant			
5	To further assist in obtaining confidence and controls that the approved budgeted project will not exceed \$22,789,300, the committee may want to consider obtaining a letter/agreement from API stating such and list the possible activities and costs that may exceed the current approved budget.	Technical Committee has responsibility to monitor research and OC the legal, PR and API expenses. API has responsibility to provide data for review. OC has overall responsibility for budget. Need to formally communicate to contractors the need to stay within budget.	OC has responsibility to communicate to Pis (Irons, Wong and Fu). Don	YE03	
6	Although grants are regarded differently, API and BHRC committee should consider addressing the following questions:				
7	• Will projected funds be used?				
8	• Should payment schedule be revised so that UOC is not holding large cash balances?		OC	Sept 30 03	

**BHRC Financial Audit
Recommendations and Action Plan**

	A	B
1	Topic Area	Description of Issue(s)
9		
10		
11		
12	University of Colorado (UCHSC)	Progress reports are sent to API twice a year. Costs for a separate Fudan University project, Richard Irons project and EMBSI costs are currently included and tracked by UOC. API mirrors the data reported by UOC and has no means of validating actual expenses to make sure the consortium is not charged twice.
13	Financial Tracking	Currently API uses a contract management tool to track costs associated with the study, which is updated by the financial department at API. Once updated, Paula Podasky receives the data from finance and uses the data to report costs that go against the contracts for reporting actual expenses incurred for all studies except for UCHSC (explained above). Currently there are various formats and time periods used to report various financial study data and project financial summaries. Currently it is difficult to get a financial picture at any given time. Actual as well as budgeted data constantly changes. This information should be tracked monthly or quarterly to maintain stability. A financial tracking tool or format is necessary that can easily be updated by a finance person. Note: During the review there was not an opportunity to address who reviews/approve expenses associated with the study under API's responsibilities.

**BHRC Financial Audit
Recommendations and Action Plan**

	C	D	E	F	G
1	Recommendation	Action Plan	Responsible Person	Due Date	Imple - mented
9	Is interest collected on excess funds and are they contributed back to the study as to supplement costs?	Actioned	Bruce	Sept 30 03	
10	Is UOC able to provide specific documentation, such as invoices, etc. if needed?	Ann Loudon - U C	Bruce	Sept 30 03	
11	Who audits the UOC financial tracking of study?	Ask if UC is audited and, if so, may we have a copy of report? Grant specifies right to look at financial records.	Bruce OC will decide whether to audit or not.	Sept 30 03	
12	It is recommended that API, as project administrator, validate the expenses incurred as reported from UOC's progress reports via an audit proposed by the consortium. To avoid possible duplication of costs, validation is required to make sure the same type of cost included in UOC's project is not the same as the projects costs tracked individually by API.	Need to distinguish details of work effort between Fudan contract and the UC subcontract with Fudan. Need specific invoices from Fudan for contract. Need this information to finalize Fudan contract.	OC will decide whether to audit or not.	YE03	
13	It is recommended BHRC committee set a specified time frame for periodic updates (monthly, quarterly, etc.) and an agreed upon format for each Benzene Study item which will present a financial picture at any specified time.	TC will recommend to OC a quarterly schedule for financial reporting for reports as of March 31 (due April 1), June 30 (due Aug 1), Sept 30 (due Nov 1), and Dec 31 (due Feb 1). A spreadsheet workbook format will be recommended to OC.	API generates reports; TC reviews and provides to OC for review and approval.	1st report for 3Q03.	

**BHRC Financial Audit
Recommendations and Action Plan**

	A	B
1	Topic Area	Description of Issue(s)
14		
15		
16	Budget Revisions	Various budget changes have occurred since the beginning of project in 2001, with the most recent changes documented via e-mail dated June 19, 2003 from Lorraine Twerdok to the BHRC Oversight and Technical Committees. Some committee members were not aware of the changes. For example Fudan University cost went from \$190,555 to \$661,000. Although the overall budget did not change, there was no approval process by the committee to accept changes. API received a one-page summary of figures with no clear explanations for increases from Fudan.
17	Documentation / Backup	Record keeping at API is based largely on manual data received. API should have a contingency plan in place to back up manual and system data in cases of emergency.

**BHRC Financial Audit
Recommendations and Action Plan**

	C	D	E	F	G
1	Recommendation	Action Plan	Responsible Person	Due Date	Imple - mented
14	(See attached file entitled “Benzene-API Executive Summary” Exhibit A for suggested Executive Summary format for overall project and file “Benzene-API – Applied Health Study” - Exhibit B is a suggested format for reporting individual project items – example is for Applied Health Sciences Study.)				
15	It is further recommended, if necessary, an additional process audit review to interview API finance department to understand processing of expenses under API’s responsibilities. This includes all except UCHSC. There does not seem to be an easy way to get drill down information on any of expenses paid. Backup of expenses paid on the project should be easily identifiable as to what was spent on the project.	1. API process: Invoice comes to contract manager to approval and coding. Invoice sent to API finance department for check to be paid. Entered into API financial records. Contract manager gets copy of API financial reports. Action: OC decide to accept process or commission a validation. 2. Do not change financial records; make adjustments in next report with a note explaining change.	1. OC 2. API	1. 3Q03 2, Implement immediately	
16	It is recommended a mechanism for documenting changes be implemented immediately that has the approval of the committee in writing to API before budget changes are made.	For future budget changes, the process will be: (1) written request from contractor (2) brought to TC Budget Work Group for a recommendation to the OC (3) OC approves/does not approve, minutes will serve as documentation. (4) decision communicated to contractor via writing and communication attached to contract and API takes appropriate contractual actions.	OC	Implement immediately	
17	It is recommended API review and validate data backup process.	API maintains a paper copy master file; Electronic copies are maintained and API does daily electronic backups. Process has been written and put on the web. No Action.			

**BHRC Oversight Committee Meeting
Houston, TX
August 20, 2003**

Participants:

Patrick Beatty, ChevronTexaco
Bill Broddle, ConocoPhillips
Don Burnett, BP
Stuart Cagen, Shell
Patsy Clegg, Shell
Brian Doll, ExxonMobil
Tarita Samuel, Shell
Bruce Jarrot, API
Lorraine Twerdok, API

By phone (part-time):
Lynn Russo, ExxonMobil
Paula Podhasky, API

A quorum of the committee membership was in attendance, with representative from all sponsors present.

Purpose of Meeting: To establish BHRC financial reporting processes.

Technical Committee Recommendations for Financial Reporting:

- One Excel workbook to include:
 1. Text summary for reporting period to include relevant historical information and leading indicators of future spending (e.g. number of cases accrued vs predicted and the related financial implications).
 2. Overall program budget
 3. Program expense summary
 4. Grant/contract/income budget detail to feed into program expense summary
 - UCHSC grant
 - Fudan University
 - AHS
 - Irons T&E
 - SRP
 - ERP
 - Communications
 - Legal
 - QA/QC
 - API
 - Funding (income)
 - Cash flow statement
- First financial report in new format will be for 3Q03, due to the OC on November 1, 2003. (requires action – Lorraine, Bruce, Technical Budget WG, Paula, Matt)
- Schedule for financial reporting will be quarterly starting with 3Q03; 2001 and 2002 finances will be reported as yearly totals and the first 2 quarters of 03 finances will be reported as currently presented.

- Reports will be due to the Oversight Committee (OC) for approval one month after the quarter ends; 1Q - May 1, 2Q - August 1, 3Q - November 1, and tentatively 4-Q February 1. Oversight Committee will review/adjust due dates, as appropriate, based on timing of financial information from API Financial Operations and API staff experience gained in preparing reports.
- Financial reports will be reviewed by legal council before they are sent to OC for review/approval
- Workbook for reporting periods will be maintained, not overwritten
- Adjustments to previous reports will be made in current report, with explanation
- The API BHRC Program Manager (Lorraine) has responsibility for workbook development, financial reports using workbook and timely distribution (meeting deadlines)
- Actions on Tarita Samuel's financial reporting recommendations arising from July 2, 2003 visit to API are proposed in attached table for OC approval

DECISION: Don Burnett moved to approve Technical Committee financial reporting recommendations, to include actions on Tarita Samuel's recommendations; Patrick Beatty seconded motion; OC unanimously approved acceptance of proposed plan.

Program procedural Issues:

OC expects communications from API to Consortium member company CEO's on Consortium business, such as ballots, to undergo legal review by the Consortium's attorney prior to their being sent. (Brian is requesting comment on this point)

A note to the file, via these minutes, is made that, with the exception of the current overall program funding issue under discussion by company executives, the OC has the responsibility for financial oversight of consortium activities, to include written approval of any changes in the budget.

Research grant/contract specific issues:

Current research contract and grant amounts are ceiling for expenditures. Any cost increases need to be offset by reductions in other areas, and should be negotiated between SRP/ERP and the principal investigators (PIs). This information should be conveyed to PIs and expert panels at Aug. 25 – 27 Annual Meeting. (requires action – Technical Committee, Bruce, Lorraine)

Technical Committee reported that a budget increase request is expected from AHS (case-control study) for increased travel to China for project supervision. Request expected to be approximately \$60K/year for a total increase in the range of \$180K - \$240K. (\$30K per trip; 2 additional trips per year; thru 2006 or early 2007) [requires action – Technical Committee]

Iron's T&E – (requires action – Bruce/Lorraine)

- Did this budget actually increase?

- Current status of contract? (are all prepaid funds expended? does contract need a no-cost extension?)
- Expense backup has been unsatisfactory and needs considerable improvement
- When contract up for amendment, re-negotiate so that no funds will be paid up front. Contract will be amended for expenses to be invoiced after they are incurred.

APCO/Communications Committee (CC) budget needs review, for future guidance to CC by OC. APCO performance in China requires review. (requires action – OC and CC)

APCO contract needs to be sent to Lynn to evaluate terms (no monthly retainer) and expiration date. (requires action – Matt/Lorraine)

BHRC Funding:

Mechanism for funding decision communication to OC needs to be established. (requires action – Patrick and Lorraine)

2003 BHRC invoicing options need to be developed for August 26 OC meeting. Options to include full contractual not-to-exceed amount, and estimated amounts to maintain actual program projected expenses. (requires action – Lorraine)

Communications Committee Update (given by Lynn Russo):

Request was made of OC to CC for deliverables from the August 25-27 SHS Annual Meeting. It was proposed and approved that APCO would generate a brief (2-3 page) executive summary of the plenary sessions for internal and external use.

CC has lots of information “on the shelf” to be used as needed. CC anticipates that they will be going into a lower activity, maintenance mode.

CC is asking consortium members to participate in a short communications strategy session at the August 25-27 meetings. Following that they will be developing their plans on external communication activities, including completing work on the media plan and the stakeholder engagement process

August 25-27 Annual Meeting Final Planning:

CC meeting room assignment requires confirmation (requires action – Matt)

Circulate final SHS Annual Meeting and BHRC committee meeting agendas (requires action – Lorraine)

Dr. Brody is unable to attend SHS Annual Meeting, arrangements for covering his presentation and ERP meeting need to be arranged. (requires action – Lorraine/Bruce)

Recruitment meeting (requires action – Paula)

- agenda should include inducement for less than full share funding sponsors
- minutes from previous meetings should be reviewed for potential sponsors approached in the past to incorporate into future recruitment plans

Should take photographs – bring cameras

Meeting package to be distributed at registration

Invitation to opening reception/dinner to be given to attendees at hotel check-in; verify location for reception/dinner (requires action – Lorraine/Matt)

Next meeting – August 26, 2003 at SHS Annual Meeting.