The University of Texas at Brownsville

FY2014 Audit of Facilities

January 30, 2014
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Dr. Juliet V. Garcia, President
The University of Texas at Brownsville
80 Fort Brown
Brownsville, Texas 78520

Dear Dr. Garcia:

As part of our Audit Plan for fiscal year 2013, we completed the **FY2014 Audit of Facilities** at The University of Texas at Brownsville. The objective of this audit was to determine if UTB complied with the THECB rules pertaining to facility development project applications and approvals. We understand this report will be combined with the Facilities Audit Peer Review Team Report and submitted as a single comprehensive report to the THECB.

Our examination was conducted in accordance with guidelines set forth in The University of Texas System’s Policies UTS 129 and the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

The recommendations in this report represent, in our judgment, those most likely to provide a greater likelihood that management’s objectives are achieved. The recommendations differ in such aspects as difficulty of implementation, urgency, visibility of benefits, and required investments in facilities and equipment, or additional personnel. The varying nature of the recommendations, their implementation costs, and their potential impact on operations should be considered in reaching your decision regarding courses of action.

We appreciate the assistance provided by UTB’s management and other personnel. We hope the information and analyses presented in our report are helpful.

Sincerely,

Norma L. Ramos, CIA, CGAP
Director of Internal Audits
cc: The University of Texas at Brownsville
Dr. Alan F. J. Artibise, Provost and Vice President for Academic Affairs
Mr. Ben Reyna, Associate Provost for Government Relations
Dr. Janna Arney, Associate Provost for Faculty and Academic Affairs
Ms. Rosemary Martinez, CPA, Vice President for Business Affairs
Dr. Hilda Silva, Vice President for Student Affairs
Mr. Irvine W. Downing, Vice President for Institutional Advancement and
Vice President for Economic Development and Community Services
Dr. Luis Colom, Vice President for Research
Dr. Clair Goldsmith, Vice President for Information Technology Services and Chief Information Officer
Dr. Marilyn Woods, Chief of Staff
Ms. Veronica Mendez, Associate Vice President for Business Affairs/Compliance

UT System Administration
Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs,
Mr. Michael Peppers, Chief Audit Executive, UT System Audit Office
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Executive Summary

The approved audit plan for fiscal year 2013 included the Audit of Facilities.

The objective of the audit was to determine if UTB complied with the THECB rules pertaining to facility development project applications and approvals.

An audit of facilities development projects was completed to satisfy the audit requirements of the Texas Higher Education Coordinating Board (THECB) Facilities Audit Protocol. Adequate testing procedures were performed to conclude that The University of Texas at Brownsville is in compliance with the requirements of THECB related to project applications and approvals.
Background Information

Texas Education Code and Texas Higher Education Coordinating Board rules require that public institutions of higher education receive THECB approval or re-approval for real property acquisitions, new construction and addition projects, and repair and renovation projects financed from any source of funds, in accordance with the THECB Rules §17.10-§17.14.

The Texas Education Code requires the THECB to periodically conduct a comprehensive audit of all educational and general facilities on the campuses of public senior colleges and universities. Part of this process is having the internal audit function for the educational facility being audited to conduct a review of projects and acquisitions of real property, over the preceding five years, to determine if they were submitted to the THECB and received all required approvals. Additionally, to determine that the sample of projects was completed within the parameters specified in the project application approved by the THECB.

Audit Objectives

The objective of the audit was to determine if UTB complied with the THECB rules pertaining to facility development project applications and approvals.

Scope of Work

Current Coordinating Board rules require that institutions submit for its consideration new construction projects costing $4 million or more, repair and renovations projects costing $4 million or more, acquisitions of real property, and gifts or donations of improved real property. Prior to September 1, 2009, the amounts were $1 million for new construction and $2 million for repair and renovation. Current Coordinating Board rules require institutions to submit projects for re-approval if the total cost of a project exceeds cost estimates by more than 10%, the gross square footage is changed by more than 10%, the institution has not contracted for the project within 18 months from its final Coordinating Board approval date, or any funding source of an approved project is changed.

To select our sample of projects, we obtained additions from the Annual Financial Report for UT Brownsville and developed a schedule of all applicable projects between September 1, 2008 and August 31, 2013, which is the end of the quarter the THECB scheduled their audit. We selected 100% of the projects to review for compliance with THECB rules as follows:

• Approval / Reapproval
• Cost (must obtain reapproval if >10% original approval)
• Square Footage (must obtain reapproval if +/- 10% from original approval)
• Funding Source (must obtain reapproval for any change from original approval)
Our examination was conducted in accordance with guidelines set forth in The University of Texas System’s Policies UTS 129 and the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

**Audit Results**

Based on the testing performed, proper approval / reapproval was obtained on all projects tested, project completion was within the required parameters for cost and square footage, and the project was completed using the approved funding sources. No exceptions were noted.

**Conclusion**

The University of Texas at Brownsville appears to be in compliance with THECB requirements related to project approval and reapproval, cost, square footage and funding source.