



THECB Facilities Audit - Internal Audit Report
Project # 2015-55G
July 7, 2015

Reviewed by:

A handwritten signature in black ink, appearing to read "R. Romo", written over a horizontal line.

Dr. Ricardo Romo
President

EXECUTIVE SUMMARY
THECB Facilities Audit - Internal Audit Report

Conclusion:

The University of Texas at San Antonio complies with the Texas Higher Education Coordinating Board (THECB) rules §17.10 - §17.14 which require public institutions of higher education receive Board of Regent (BOR) and THECB approval for total project costs, square footage, and funding for real property acquisitions, new construction, addition projects and repair and renovation projects.

Background:

The Texas Education Code requires the THECB to periodically conduct a comprehensive audit of all educational and general facilities on the campuses of public universities. Part of this process is having Internal Audit for the educational facility being audited 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 and re-approvals, if needed. THECB requires re-approval if:

- The total cost of a project exceeds cost estimates by more than 10%; or
- The E&G gross square footage is changed by more than 10%; or
- 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 has changed.

Internal Audit is also required to determine that the sample of projects was completed within the parameters specified in the project application and approved by the THECB.

The THECB comprehensive audit requires Internal Audit to determine compliance with institutional policies. Therefore, Internal Audit reviewed projects for compliance with UT System Board of Regents (BOR) approval, as outlined in Regent Rule 80301: Capital Improvement Program and summarized in the UTSA Financial Management Operational Guideline (FMOG). The FMOG states projects involving new construction or repair and rehabilitation in excess of \$4 million, repair and rehabilitation that is architecturally or historically significant, and debt-funded projects require approval from the UT System Board of Regents. Other conditions requiring BOR approval are:

- a cost change that causes a variance of more than 10% from the original BOR approved Total Project Cost (TPC) and the variance exceeds \$500,000, and
- if estimated TPC at the end of the Design Development varies by more than 10% from the estimate that was provided when the project was added to the Capital Improvement Program (CIP).

This audit is a review of a sample of capital projects as prescribed by the THECB from September 1, 2009 through March 31, 2015.

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AUDIT RESULTS

Objective: Determine if UTSA complied with the THECB rules regarding capital projects and approvals.

**SAMPLE
SELECTION AND
TESTING**

To select our sample of projects, we obtained capital additions from UTSA's Annual Financial Reports (AFR) for FY10 - FY14, plus FY15 additions through March 31, 2015. From those AFR reports, we developed a schedule of all applicable projects that met the THECB criteria for requiring approval. We judgmentally selected five of eleven projects to review for compliance with THECB rules as follows:

- BOR approval,
- THECB approval, and
- Completed within the parameters specified in the project application submitted to the THECB and reported on the THECB annual tracking report.

We noted the Park West Athletic Complex actual total square footage at completion was 10% higher than the square footage included on the THECB approval documents. The Park West project does not include E&G space and therefore did not require THECB re-approval. Instead, the square footage change is required to be updated on the annual tracking submitted to THECB. The square footage change was reported to THECB prior to this audit. This is immaterial and not considered a finding.

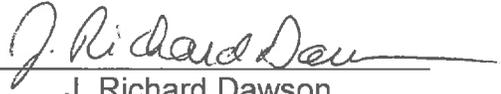
All projects reviewed complied with BOR and THECB requirements and were completed within specified parameters.

CONCLUSION

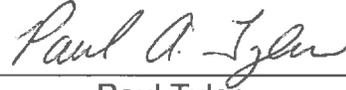
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We understand this report will be combined with the Facilities Audit Peer Review Team report and submitted as a single comprehensive report to the THECB.

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This engagement was conducted in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.