



THE UNIVERSITY OF TEXAS
PERMIAN BASIN

**CHANGE IN LEADERSHIP AUDIT
- COLLEGE OF ENGINEERING**

Fiscal Year 2026

December 11, 2025

*Office of Internal Audit and Advisory Services
4901 E. University Boulevard
Odessa, Texas 79762*



Change in Leadership Audit Fiscal Year 2026

SUMMARY

CONCLUSION

Opportunities exist to enhance compliance with institutional requirements related to compliance training, conflict of interest certifications, and fiscal management.

BACKGROUND AND OBJECTIVE

The College of Engineering and Sciences at the University of Texas Permian Basin (UTPB) offers several engineering programs that are accredited by the Engineering Accreditation Commission of ABET. The college brings together engineering, mathematics, computer science, chemistry, and geosciences programs. The programs are structured to allow students an environment to solve real-world problems, engage in hands-on research, and prepare for impactful careers in high-demand, high-tech fields.

The audit was conducted to support newly appointed leadership within the college. The objective of the audit was to evaluate the college's administrative business operations to ensure they were effectively controlled and compliant with applicable policies, procedures, and regulations.

OBSERVATIONS

I Medium	Business processes within the College of Engineering and Sciences do not consistently comply with institutional requirements.
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Management developed action plans that incorporated Internal Audit recommendations to address these observations and anticipates implementation by January 15, 2026.



Medium


Observation 1: Business processes within the College of Engineering and Sciences do not consistently comply with institutional requirements.

In reviewing the College of Engineering and Sciences’ established business processes, the state of compliance with applicable institutional requirements is outlined below.


Domain	Status	Observation Detail
Compliance Training		UTPB's General Compliance Training Program mandates Compliance Training for all UTPB employees. In reviewing compliance with the established training requirements, it was observed that for FY25, 18% (11 out of 61) of the employees did not complete all the required training modules. Noncompliance with established training requirements may expose the institution to increased operational, legal, and reputational risks.
Conflict of Interest Certifications		The UTPB Conflicts of Interest (COI) policy for all employees is outlined on the university website. ¹ All UTPB employees are required to disclose potential conflicts of interest and any outside activities. In confirming compliance with the established requirements, 69% (41 out of 59) employees tested did not consistently acknowledge the COI policy and report outside activities in the last 12 months. Failure to comply with the COI policy may result in misuse of institutional resources, compromised decision-making, or reputational damage.
Fiscal Management and Expenditure Review		According to the Office of Accounting's reconciliation requirements, cost center reconciliation and approval are required within 60 days after month-end closing. In testing controls over cost center reconciliation and approval, including compliance with the cost center reconciliation-related policy, it was noted that for FY25: <ul style="list-style-type: none"> • 33% (80 out of 238) of the cost center reconciliations were completed and approved within the required time frame. • 53% (127 out of 238) of the cost center reconciliations were not completed or approved. The cost centers had approximately \$1.01 million in expenditure and \$134,271 in revenue.

¹ <https://www.utpb.edu/university-offices/compliance/conflict-of-interest/>



Domain	Status	Observation Detail
		<ul style="list-style-type: none"> 13% (31 out of 238) of the cost center reconciliations were completed outside the required 60-day time frame. <p>Delays in cost center reconciliation and approval increase the risk of failing to detect errors, fraud, or non-compliant expenditures.</p> <p>There are various institutional requirements for processing expenditures. In evaluating compliance with applicable requirements, the following opportunities to improve compliance were noted:</p> <ul style="list-style-type: none"> The Purchasing Card Program Handbook requires maintaining an itemized document for each purchase. \$4,438 in expenditures were identified without an accompanying itemized receipt. An Official Occasion Expense Form (OOEF) is required to pay vendors or reimburse employees for entertainment-related expenses, which include food and refreshments provided for activities that support the University’s mission. \$1,259 in such costs was identified without an approved OOEF. According to the Purchasing Card Program Handbook, grocery purchases are allowed if accompanied by a completed Official Occasion Expense Form (OOEF) and if purchased from approved grocers. A review of procurement card transactions identified \$1,510 in purchases without an OOEF. Purchases were also not limited to the approved grocers. <p>Failure to follow institutional expenditure policies increases the risk of processing unallowable costs and wasting limited institutional resources.</p>
<p>Student Fee Cost Center Oversight</p>		<p>In reviewing student-fee funded cost centers, 67% (4 out of 6) showed a misalignment between recognized revenue and actual expenditures.</p> <ul style="list-style-type: none"> Three cost centers recorded revenue without any corresponding expenses. One cost center utilized less than half of their available revenue. <p>UT System Regents’ Rule 40401 requires each institution to include procedures for proposing and approving fees and charges in its Handbook of Operating Procedures (HOP).</p>



Domain	Status	Observation Detail
		<p>Furthermore, in testing controls over course and lab fees, it was noted that for FY 25, 86% (6 out of 7) of the required fee request and approval forms were unavailable and therefore could not be tested. For the one cost center that was reviewed, \$1,037.63 for office supplies was identified, which did not align with the approved purpose of the associated fee.</p> <p>Without improved oversight, the college risks mismanagement of student fee revenue.</p>
<p>Travel Authorization</p>		<p>According to the Office of Accounting’s Travel Policy and Travel Procedure Manual, employees must obtain prior approval for all official travel. 33% (11 out of 33) of travel authorizations tested did not receive advance approval at least five days prior to the travel date, as required.</p>

Action Plan: Procedures within the College of Engineering and Sciences will be updated to facilitate compliance with institutional requirements. The following actions are planned:

- Compliance Training - The Dean will work with department chairs to monitor completion rates, reinforce expectations during faculty meetings, and work towards achieving improved completion rates.
- Conflict of Interest Certifications - Department chairs will be tasked with confirming compliance within their units, and the Dean will coordinate with the Office of Compliance to support awareness and adherence.
- Fiscal Management - The Dean will reinforce reconciliation expectations with department administrators and ensure that each department designates responsible personnel to improve compliance with institutional requirements. The Dean will review reconciliation status reports monthly and follow up on outstanding items to promote timely and accurate financial oversight.
- Expenditure Review – Procedures will be updated to ensure that itemized receipts are maintained for expenditures, entertainment related costs are supported with an OOEF, and grocery purchases are limited to approved grocers with a corresponding OOEF.
- Student Fee Cost Center Oversight- The Dean will also require departments to submit annual plans for student fee usage and will monitor spending to ensure alignment with intended purposes.
- Travel Authorization- Faculty and staff will be reminded of the advance travel approval requirement. Departmental travel coordinators will be identified to assist with advance submissions.

Target Implementation Date: January 15, 2026

Responsible Party: Dean, College of Engineering and Sciences



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METHODOLOGY

This audit was conducted in accordance with the Institute of Internal Auditors’ *Global Internal Audit Standards* and generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The UTPB Office of Internal Audit meets the independence requirements set forth in GAGAS.

Scope & Procedures: The scope of the audit included policies, procedures, and control practices in place within the College of Engineering and Sciences at the time of the audit and financial activity throughout fiscal year 2025. Procedures performed included a review of applicable UT Permian Basin policies and procedures, discussion with knowledgeable staff, administering an Internal Control Questionnaire (ICQ), and testing business processes in scope. Audit procedures were conducted between September 2025 and October 2025. We will follow up on action plans in this report to determine their implementation status. Any request for extension to the implementation dates for observations rated Priority or High require approval from applicable executive officers. This process will help enhance accountability and ensure that timely action is taken to address the observations.

Observation Ratings

Priority	An issue or condition that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of UT Permian Basin or UT System as a whole.
High	An issue considered to have a medium to high probability of significant adverse effects to UT Permian Basin as a whole or at the college/department/unit level.
Medium	An issue considered to have a low to medium probability of adverse effects to UT Permian Basin either as a whole or at the college/department/unit level.
Low	An issue considered to have minimal probability of adverse effects to UT Permian Basin either as a whole or at the college/department/ unit level.

Criteria:

- UT Permian Basin Segregation of Duties and Reconciliation of Account Monitoring Plan
- UT Permian Basin Conflict of Interest Policy
- UT Permian Basin Purchasing Card Program Handbook
- UT Permian Basin Official Occasion Expense Form
- UT Permian Basin Office of Compliance – Compliance Training Requirement



Report Distribution:

To: Dr. Ray Bachnak, Dean – College of Engineering and Sciences

cc: Dr. Sandra K. Woodley, President

Dr. Rajalingam Dakshinamurthy, Provost and Senior Vice President for Academic Affairs

UT Permian Basin Internal Audit Committee

External State of Texas Agencies (State Auditor, Legislative Budget Board, Governor's Office)