The University of Texas Rio Grande Valley™

Nursing Shortage Reduction Program Audit

Report No. 25-RQ-0008

August 29, 2025

Office of Audits & Consulting Services

EXECUTIVE SUMMARY

Overall Assessment:

Overall, expenditures were appropriately allocated and spent. However, minor improvements are recommended to ensure full compliance with applicable federal regulations and program guidelines.

Risk Levels
Appendix I

Priority
High
Medium
Low

We appreciate the courtesy and cooperation from the Clinical Affairs office throughout this audit.

Background: During the 87th Texas Legislature Regular Session, the Texas Legislature appropriated $9,440,024 to the Texas Higher Education Coordinating Board (THECB) for fiscal year (FY) 2023 to support the Professional Nursing Shortage Reduction Program Regular Program (NSRP). The NSRP awards provide incentive funding to institutions that increase the number of professional nursing graduates and increase enrollments of students seeking initial nursing licensure. The funds are intended to supplement existing nursing program funding and help institutions meet the state's demand for registered nurses. Institutions receiving awards must submit annual expenditure reports until all funds are either spent or returned. For awards of $500,000 or more, an independent audit report must be submitted to the THECB within six months after the end of the fiscal year in which the funds are fully expended. UTRGV was awarded $554,484.83, with the funding period extending from the date of execution to August 31, 2027. Pre-award costs are allowed starting from September 1, 2022.

Objective: To determine whether funds expended are in compliance with allowable award requirements, as per Title 19 Texas Administrative Code §22.508(c) and THECB Program Announcement.

Scope/Period: This engagement covered transactions and activity during September 1, 2022, through August 31, 2024. During the audit, the scope was expanded to include FY2025, YTD June 2025.

Risk		Observation Summary
Low	1.	A separate cost center was not created for the award in accordance with THECB program requirements.

Observation Detail	Recommendation	Management Action Plan
Award Set up *Title 19 Texas Administrative Code §22.508* sets the rules for how institutions of higher education manage and track funds received through the NSRP. Institutions receiving NSRP awards must account for these funds separately by program and award year to ensure compliance with the requirements outlined in this section. The program announcement states, "By statute, any award under each institution awarded a grant under this program must be accounted for separately by institution and year." 1. ***(Condition)*** A separate cost center was not created for the NSRP award to account for expenditures. The cost center used was recycled. ***(Criteria)*** *Title 19 Texas Administrative Code §22.508* THECB NSRP Program Announcement ***(Cause)*** Departments request cost centers to be created for sponsored non-research awards without oversight by a central office. Department staff are not aware of program requirements. ***(Effect)*** Noncompliance with *Title 19 Texas Administrative Code §22.508* and Program Announcement.	1. To ensure accurate tracking of expenditures and compliance with federal regulations and program rules, a separate cost center or project should be established for each year of NSRP awards.	1. **Management Action Plan**: We have been coordinating with the Research Division to ensure all NSRP awards are properly recorded. Starting last year, we began creating separate project numbers for each NSRP-funded award to improve tracking and reporting. The NSRP award # 00950 for $121,177.95, covering the period from 07/30/2024 to 08/31/2028, was recorded under its own project number as part of this updated process. We are continuing this approach and are currently in the process of setting up a new project number for the latest NSRP award, which was confirmed earlier this week. **Action Plan Owner:** Lilia Fuentes **Implementation Date:** July-August 2024

APPENDIX I

Risk Classifications and Definitions

Priority	High probability of occurrence that would significantly impact UT System and/or UT Rio Grande Valley. Reported to UT System Audit, Compliance, and Risk Management Committee (ACRMC). Priority findings reported to the ACRMC are 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.*"
High	Risks are considered substantially undesirable and pose a significant level of exposure to UT Rio Grande Valley operations. Without appropriate controls, the risk will happen on a consistent basis. Immediate action is required by management in order to address the noted concern and reduce exposure to the organization.
Medium	Risks are considered undesirable and could moderately expose UT Rio Grande Valley. Without appropriate controls, the risk will occur some of the time. Action is needed by management in order to address the noted concern and reduce the risk exposure to a more desirable level.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Rio Grande Valley will be minimal. Action should be taken by management to address the noted concern and reduce risk exposure to the organization.

APPENDIX II

Methodology & Criteria

Methodology

We conducted this audit in conformance with the Institute of Internal Auditor's Global Internal Audit Standards. Additionally, we conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit 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 findings and conclusions based on our audit objectives. The Office of Audits and Consulting Services is independent per both standards for internal auditors. These standards are also required by the Texas Internal Auditing Act.

Criteria

- 19 Texas Administrative Code §22.508
- Nursing Shortage Reduction Program Announcement

APPENDIX III

Report Distribution & Audit Team

Report Distribution

Dr. Lilia A Fuentes, Dean for School of Nursing
UTRGV Internal Audit Committee
UT System Audit Office
Governor's Office - Budget and Policy
State Auditor's Office
Legislative Budget Board

Audit Team

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