



UT Tyler

THE UNIVERSITY OF TEXAS AT TYLER

Internal Audit Department

September 5, 2025

Dr. Julie Philley
President
The University of Texas at Tyler
3900 University Blvd.
Tyler, TX 75799

Dr. Philley,

We completed the FY 2025 THECB Facilities Audit that was part of the University of Texas at Tyler's (UT Tyler) Fiscal Year (FY) 2025 Audit Plan. The objective of the audit was to perform the required Texas Higher Education Coordinating Board (THECB) Facilities Audit. The scope of the audit was for the University of Texas at Tyler (UT Tyler) Main campus from FY 2017 through FY 2024.

This audit was conducted in accordance with guidelines set forth in The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. We appreciate the assistance provided by management and other personnel and hope the information presented in our report is helpful.

Sincerely,

Stephen Ford
Chief Risk Officer, Acting Chief Audit Executive

Enclosure

cc:

Mr. Daniel Deslatte, Chief Business Officer
Mr. Dwain Morris, Chief Financial Officer
Dr. Barbara Haas, Provost
Mr. Thomas Moss, Associate Vice President of Facilities
Mr. J. Michael Peppers, UT System Chief Audit Executive
Legislative Budget Board audit@lbb.texas.gov
Governor budgetandpolicyreports@gov.texas.gov
State Auditor's Office iacoordinator@sao.state.tx.us

FY 2025 THECB Facilities Audit



September 5, 2025

INTERNAL AUDIT DEPARTMENT
3900 UNIVERSITY BOULEVARD
TYLER, TEXAS 75799

AUDIT OBJECTIVE

The audit objective was to determine if the University of Texas at Tyler (UT Tyler) complied with the Texas Higher Education Coordinating Board (THECB) rules pertaining to facility development project reporting by accurately reporting facilities data to THECB.

CONCLUSION

The University of Texas at Tyler, with the exception of one (1) project, appears to be in compliance with THECB requirements of required reporting.

OBSERVATION

Texas Administrative Code Title 19, Part 1, Chapter 17, Subchapter B, Rule 17.20 requires construction projects costing \$10 million or more to be submitted to THECB. There were two projects identified during the period of FY 2017 through FY 2024 that were greater than \$10 million. One (1) of the projects, "Reserve Apartment Building", in the amount of \$15.37M in FY 2018, was not submitted to THECB and did not appear on THECB reports.

This audit identified the following opportunity for improvement:

1	Medium	Submit Required Facility Projects to THECB
---	--------	--

#1: Submit Required Facility Projects to THECB

Medium: If facility projects greater than \$10 million are not submitted to THECB, this will cause non-compliance with reporting requirements.

Texas Administration Code Title 19, Part 1, Chapter 17, Subchapter 17.20 specifies facility projects, buildings and land, over \$10 million should be submitted to THECB. It was noted there were two projects greater than \$10 million between FY 2017 and FY 2024. After reviewing THECB records, one (1) of the projects, "Reserve Apartment Building", in the amount of \$15.37M in FY 2018, was not submitted to THECB as required.

Opportunity for Improvement: Management should consider developing procedures and determine an appropriate office to be responsible for submitting required facility projects to THECB.

Management Response: Agreed. Upon review, current processes appear established and appropriate, and the testing exception noted above is reflective of procedures that were in place during FY 2018.

The Associate Vice President of Facilities will monitor construction projects and budgets and direct the development of THECB reports, including the MP1 report, moving forward.

Responsible Person(s): Associate Vice President of Facilities

Anticipated Implementation Date: Implemented and on-going.

BACKGROUND

Texas Education Code, Chapter 17, requires public institutions of higher education submit data to THECB related to construction projects, repair and renovation projects, and property acquisitions. The Code also requires the Texas Higher Education Coordinating Board (THECB) to periodically conduct a comprehensive audit of all education and general facilities on the campuses of public universities in Texas. Part of this process is having the internal audit function for the educational facility being audited conduct a review of projects and acquisitions of real property over the preceding seven (7) years to determine if they were in compliance with THECB requirements. This report will be combined with the Facilities Audit Peer Review Team report and submitted as a single comprehensive report to the THECB.

This audit was included in the Fiscal Year (FY) 2025 Annual Audit Plan and approved by the Institutional Audit Committee.

STANDARDS

The audit was conducted in accordance with guidelines set forth in *The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

SCOPE AND PROCEDURES

The scope of the audit included FY 2017 through FY 2024. To accomplish the objective, we obtained a listing of construction projects and additions from FY 17 through FY 24 from UT Tyler Annual Financial Reports. Two (2) projects met the threshold for THECB reporting. Testing was performed to verify the projects were submitted to THECB as required.

OBSERVATION RANKINGS

Internal audit departments across the University of Texas System use a consistent process to evaluate audit results based on risk factors and the probability of a negative outcome.

Legend	
Priority	<i>A finding is defined as an issue that if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Tyler.</i>
High	<i>A finding that is considered to have a <u>medium to high probability</u> of adverse effects to UT Tyler as a whole or to a significant college or department.</i>
Medium	<i>A finding that is considered to have a <u>low to medium probability</u> of adverse effects to UT Tyler as a whole or to a college or department.</i>
Low	<i>A finding that is considered to have a <u>minimal probability</u> of adverse effects to UT Tyler as a whole or to a college or department. These findings are communicated separately to management.</i>