

# **Texas Higher Education Coordinating Board Facilities Audit**



*December 2015*

**The University of Texas at Austin  
Office of Internal Audits  
UTA 2.302  
(512) 471-7117**

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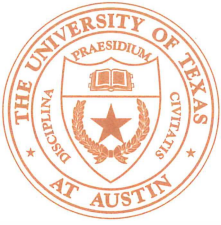
## **The University of Texas at Austin Office of Internal Audits**

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\* denotes project members

This report has been distributed to Internal Audit Committee members, the Legislative Budget Board, the State Auditor's Office, the Sunset Advisory Commission, the Governor's Office of Budget and Planning, and The University of Texas System Audit Office for distribution to the Audit, Compliance, and Management Review Committee of the Board of Regents.

**Texas Higher Education Coordinating Board Facilities Audit  
Project Number: 16.001**



**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

December 1, 2015

President Gregory L. Fenves  
The University of Texas at Austin  
Office of the President  
P.O. Box T  
Austin, Texas 78713

Dear President Fenves,

We have completed our portion of The Texas Higher Education Coordinating Board Facilities Audit. Our scope included all facilities development projects between February 2012 and August 2015.

Based on interviews with relevant staff and testing a representative sample of projects, it appears that facilities development projects and acquisitions of real property were submitted and approved appropriately, were completed within the parameters specified in the project application, and were reported in the annual tracking report when required. No recommendations were necessary.

We appreciate the cooperation and assistance of Campus Planning and Project Management staff throughout the audit and hope that the information presented herein is beneficial.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael W. Vandervort".

Michael W. Vandervort, CPA  
Chief Audit Executive

cc: Institutional Audit Committee Members  
Mr. David Rea, Associate Vice President, Campus Planning & Project Management  
Dr. Patricia Clubb, Vice President for University Operations  
Ms. Mary Knight, Associate Vice President and Interim Chief Financial Officer  
Ms. Nancy Brazzil, Deputy to the President and Chief of Staff  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits



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## EXECUTIVE SUMMARY

### **Conclusion**

Based on interviews with relevant staff and testing a representative sample of projects, it appears that facilities development projects and acquisitions of real property were appropriately submitted and approved, were completed within the parameters specified in the project application, and were reported in the annual tracking report when required. No recommendations were necessary.

### **Audit Scope and Objective**

The scope of this audit included all facilities development projects between February 2012 and August 2015.

As a result of changes to the Texas Administrative Code in September 2014, the following two objectives were used:

February 2012 – August 2014: To determine whether facilities development projects and acquisitions of real property were submitted and approved by the Texas Higher Education Coordinating Board (THECB), and were completed within the parameters specified in the project applications approved by the THECB.

September 2014 – August 2015: To determine whether projects and acquisitions of real property were approved by the institution's Board of Regents or their designate, were submitted to the THECB for review, were submitted with accurate data, and that any projects completed over that time frame were completed within the parameters specified in the project application submitted to the THECB and reported on the annual tracking report.

### **Background Summary**

The THECB collaborates with state-funded colleges and universities to perform required, periodic reviews of all educational and general facilities on their campuses. THECB's *Peer Review Facilities Audit Protocol* provides audit objectives and guidelines for these reviews. The University of Texas at Austin (UT Austin), being a state-funded institution, is subject to these provisions.

UT Austin has approximately 640 buildings,<sup>1</sup> located on the main campus and additional locations across the state of Texas. UT Austin building uses range from classrooms, offices, and administration to libraries, research, and athletic fields. Each of these facilities is used to educate and support approximately 70,000 students, faculty, and staff.

This audit was required by the THECB and conducted as part of our Fiscal Year 2016 Audit Plan.

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<sup>1</sup> UT Austin Building List: <https://www.utexas.edu/reporting>



## BACKGROUND

The Texas Higher Education Coordinating Board (THECB) collaborates with state-funded colleges and universities to perform required, periodic reviews of all educational and general facilities on their campuses. The THECB's *Peer Review Facilities Audit Protocol* provides audit objectives and guidelines for these reviews.

The University of Texas at Austin (UT Austin) has approximately 640 buildings,<sup>2</sup> located on the main campus and additional locations across the state of Texas. UT Austin building uses range from classrooms, offices, and administration to libraries, research, and athletic fields. Each of these facilities is used to educate and support approximately 70,000 students, faculty, and staff.

“Texas higher education facilities constitute a large resource for the state. The efficient use of funds and the orderly development of physical plants to accommodate projected enrollments are critical components of the state’s goal for closing the gaps in higher education.”<sup>3</sup>

“THECB provides leadership and coordination for the Texas higher education system.”<sup>4</sup> “The rules adopted by THECB are part of a larger body of state agency rules that are collected and published by the Office of the Secretary of State as the Texas Administrative Code (TAC).”<sup>5</sup> In September 2014, the THECB amended the TAC to reflect changes made during the 83<sup>rd</sup> Legislature. These changes included moving facilities development project approval from the THECB to the appropriate institution’s Board of Regents (BOR) which also changed the requirements on what ongoing projects were tracked in the annual report to the THECB. UT Austin, being a state-funded institution, is subject to these provisions.

This audit was required by the THECB and conducted as part of our Fiscal Year 2016 Audit Plan.

## SCOPE, OBJECTIVES, AND PROCEDURES

The scope of this audit included all facilities development projects between February 2012 and August 2015.

As a result of the September 2014 change to the TAC, the following two objectives were used:

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<sup>2</sup> UT Austin Building List: <https://www.utexas.edu/reporting>

<sup>3</sup> THECB Peer Review Facilities Audit Protocol: <http://www.thecb.state.tx.us/reports/pdf/6564.pdf>

<sup>4</sup> THECB Web site: <http://www.thecb.state.tx.us/index.cfm?objectid=1549605A-CCD8-6338-049B9BDED023088E>

<sup>5</sup> THECB Web site: <http://www.thecb.state.tx.us/apps/Laws/default.cfm>



- February 2012 – August 2014  
To determine whether facilities development projects and acquisitions of real property were submitted and approved by the Texas Higher Education Coordinating Board (THECB), and were completed within the parameters specified in the project applications approved by the THECB.
- September 2014 – August 2015  
To determine whether projects and acquisitions of real property were approved by the institution's Board of Regents or their designate, were submitted to the THECB for review, were submitted with accurate data, and that any projects completed over that time frame were completed within the parameters specified in the project application submitted to the THECB and reported on the annual tracking report.

To achieve these objectives, Internal Audits:

- Reviewed relevant laws and rules,
- Interviewed relevant staff,
- Selected a representative sample of projects for testing, and
- Collected and reviewed project data and supporting documents.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

The remainder of this report presents detailed observations.

## **AUDIT RESULTS**

We tested a sample of 23 projects including one land acquisition, 13 of which met a threshold for review and/or approval by either the THECB or the BOR. All were appropriately submitted for review and/or approved. The remaining 10 projects did not meet thresholds requiring review or approval.

Additionally, we tested requirements for the projects approved from February 2012 – August 2014 which included re-approval of those projects and land acquisitions when they met any of the following criteria:

- Total project cost exceeded cost estimates by more than 10%;
- Gross square footage was changed by more than 10%;
- The institution did not contract for the project within 18 months from its final THECB approval date;
- Any funding source of an approved project was changed; or



- Property acquisitions were not completed within two years of the THECB approval.

Of the 23 projects tested, two projects required the THECB re-approval (pertaining to changes in funding sources). Both instances received the THECB re-approval.

## **CONCLUSION**

Based on interviews with relevant staff and testing a representative sample of projects, it appears that facilities development projects and acquisitions of real property were appropriately submitted and approved, were completed within the parameters specified in the project application, and were reported in the annual tracking report when required. No recommendations were necessary.