



May 31, 2018

Mr. Mark McGurk, CPA
Vice President for Business Affairs
The University of the Permian Basin
4901 E. University Boulevard
Odessa, Texas 79762

Dear Mr. McGurk:

We have completed our Texas Higher Education Coordinating Board (THECB) Facilities Audit. This audit was conducted in accordance with guidelines set forth in UTS129, the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, and *Generally Accepted Government Auditing Standards* (GAGAS) as issued by the Comptroller General of the United States.

The purpose of our audit was to determine if UTPB is in compliance with Texas Administrative Code (TAC) Title 19, Part 1, Chapter 17, pertaining to facility development project applications, approvals and notifications to the THECB.

From our review we noted no findings, and found that UTPB is in compliance with the reporting guidelines.

We wish to express our appreciation to the management and staff of UT Permian Basin for the courtesy and cooperation extended to us during this audit.

Sincerely,

A handwritten signature in black ink that reads "Glenn Spencer". The signature is fluid and cursive, with a long horizontal flourish at the end.

Glenn Spencer, CPA
Chief Audit Executive

cc: Dr. Sandra Woodley, President
Mr. J. Michael Peppers, CPA, UT System Chief Audit Executive

The University of Texas of the Permian Basin

Facilities Audit Report **FY 2010 - 2017**

May 2018



Office of Internal Audit
4901 E. University Boulevard
Odessa, Texas 79762

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Executive Summary

The UT Permian Basin (UTPB) Office of Internal Audit has completed its Texas Higher Education Coordinating Board (THECB) Facilities Audit. This audit was performed as part of our FY 2018 Audit Plan and was conducted in accordance with guidelines set forth in UTS129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards (GAGAS)* as issued by the Comptroller General of the United States.

The purpose of our audit was to determine if UTPB is in compliance with Texas Administrative Code (TAC) Title 19, Part 1, Chapter 17, pertaining to facility development project applications, approvals and notifications to the THECB.

From our review we noted no findings, and found that UTPB is in compliance with the reporting guidelines.

Background

Texas Administrative Code (TAC), Title 19, Part 1, Chapter 17, requires public institutions of higher education to submit reports to the Texas Higher Education Coordinating Board (THECB) for approval or review related to construction projects, repair and renovation projects, and property acquisitions. It also requires the 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 five 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.

Audit Objective

The objective of our audit is to determine if UTPB is in compliance with TAC Title 19, Part 1, Chapter 17, THECB Board Approval Rules pertaining to facility development project application and approvals.

Scope and Methodology

Prior to September 1, 2014, the TAC required universities to submit requests for approval on new construction projects with projected costs of \$4 million or more, repair and renovation projects costing \$4 million or more, all acquisitions of real property, and gifts or donations of improved real property. The rules also required institutions to submit projects for re-approval if the total cost of a project exceeded cost estimates by more than 10% or the gross square footage is changed by more than 10%.

After this date (September 1, 2014, forward), the threshold was raised to new projects over \$10 million, repair and renovation projects of \$10 million or greater and improved real property purchases of more than \$1 million. The rules regarding re-approvals for the 10% increase in cost or square footage were removed as of September 1, 2014.

The scope of the audit included all projects that occurred from the prior audit performed in FY 2010 through FY 2017 which met the criteria set by the TAC. This was accomplished by reviewing all AFRs (Annual Financial Reports) from FY 2010-17. A total of six projects met the criteria, and all were selected for our review. Audit procedures included a review of the TAC requirements and the THECB Peer Review Team Facilities Audit Protocol; as well as discussions with UTPB employees, the THECB, UT System employees, and other audit offices within UT System.

Our audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards* (GAGAS) as issued by the Comptroller General of the United States.

Current Year Audit Results

No findings noted.

Status of Prior Year Findings and Recommendations

There was one finding and recommendation from the prior audit conducted in FY 2010. This was determined to be no longer applicable. Refer to Appendix A for further detail.

Conclusion

UTPB is in compliance with Texas Administrative Code (TAC) Title 19, Part 1, Chapter 17, pertaining to facility development project applications, approvals and notifications to the THECB.

APPENDIX A

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

No.	Finding	Recommendation	Status
1.	<p>1. Unable to find approvals for projects. UTPB did not maintain approval documentation for projects.</p>	<p>Recommendation: The Vice President for Business Affairs should ensure that all documentation relating to University construction projects are housed in one central location on the University's Campus.</p> <p>Management Response: Permanent files for all University construction projects are housed in the Vice President for Business Affairs Office as of approximately Summer 2007. Information from within the last three years should be within those files. We will continue to maintain project permanent files. A recommendation on the contents of those files would be appreciated.</p> <p>Implementation Date: Approximately Summer 2007; revisions as soon as recommendation is received.</p> <p><u>Persons Responsible for Implementation:</u> UTPB VPBA</p>	<p>No longer applicable as documents are maintained by, and readily available from, the Office of Facilities Planning at UT System Administration.</p>