

THECB Facilities Audit

Audit Report # 23-207

August 07, 2023



The University of Texas at El Paso
Office of Auditing and Consulting

"Committed to Service, Independence and Quality"



The University of Texas at El Paso
Office of Auditing and Consulting Services

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August 07, 2023

Dr. Heather Wilson
President, The University of Texas at El Paso
Administration Building, Suite 500
El Paso, Texas 79968

Dear Dr. Wilson:

The Office of Auditing and Consulting Services has completed a limited-scope audit of The University of Texas at El Paso facilities development projects to satisfy the Texas Higher Education Coordinating Board (THECB) Facilities Audit Protocol.

During the audit, we determined that the University is in compliance with the THECB rules for submission and approval.

We appreciate the cooperation and assistance provided by Department of Facilities Management staff during our audit.

Sincerely,

A handwritten signature in blue ink that reads 'Lori Wertz'. The signature is written in a cursive, flowing style.

Lori Wertz
Chief Audit Executive

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SUMMARY OF AUDIT RESULTS

Background

Texas higher education facilities constitute a large resource for the state. To ensure the efficient use of these resources, the Texas Education Code (TEC) established a requirement that the Texas Higher Education Coordinating Board (THECB) periodically conduct a comprehensive review of all educational and general facilities' development projects. The THECB performs these reviews once every five years. The University's last review was performed in 2015. Due to the Covid-19 pandemic, the current review was delayed.

To support the THECB review, the Office of Auditing and Consulting Services (OACS) is required to determine if facilities projects were submitted to the THECB in accordance with the Texas Administrative Code and that the project was completed as specified in the project application submitted. The following types of projects are subject to review:

- New construction of building and facilities and/or additions to building and facilities having an E&G project cost of \$10 million or greater.
- Repair and renovation projects for buildings and facilities having an E&G project cost of \$10 million or greater.
- Improved real property purchases that the institution intends to include in the E&G buildings and facilities inventory if the purchase price is more than \$1,000,000.
- Energy Savings Performance Contract projects.
- Projects financed by tuition revenue bonds pursuant to Education Code §61.0572 and §61.058.

Audit Objective

The objective of this audit was to determine if Facilities Management followed the Texas Higher Education Coordinating Board (THECB) rules and received approval when required for facilities projects, and that projects were completed within the parameters specified in the project application approved by the THECB.

Scope and Methodology

The scope of the audit will be the representative sample of projects meeting the THECB specified criteria, as well as any acquisitions of real property from Fiscal Year 2016 to Fiscal Year 2023 (to date).

A judgmental sample of facilities projects meeting the THECB established criteria for approval was selected using the University's Annual Financial Report. Based on materiality, OACS selected 5 of the seven projects meeting the established criteria to review for compliance with the THECB rules.

Procedures included ensuring all 5 sample projects were:

- Approved by The University of Texas System Board of Regents,
- Submitted with accurate data to the THECB,
- Reported on the Annual Capital Expenditure Plan, and
- Completed within the parameters specified in the THECB project application.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors (IIA) and *Generally Accepted Government Auditing Standards*.

Strengths

The Department of Facilities Management maintains appropriate supporting documentation that was promptly provided upon request.

Audit Results

Based on the testing performed, we concluded that all 5 sample projects tested were:

- Properly approved by UT System Board of Regents,
- Submitted with accurate data to the THECB,
- Reported on the Annual Capital Expenditure Plan, and
- Completed within the parameters specified in the THECB project application.

Conclusion

Based on the results of audit procedures performed, we conclude that the University is in compliance with the THECB rules over facilities development projects.

Report Distribution:

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System Audit Office

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Governor's Office of Budget, Planning and Policy

Legislative Budget Board

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