

Stephen F. Austin State University

Facilities Audit

As of December 31, 2023

Audit Report 24-203



Department of Audit Services

Jane Ann Bridges, CPA, CIA, CFE, Chief Audit Executive
Box 6121, SFA Station
Nacogdoches, Texas 75962
Phone 936-468-5204
Email bridgesja1@sfasu.edu

TABLE OF CONTENTS

EXECUTIVE SUMMARY 2
 AUDIT OBJECTIVES..... 2
 SCOPE..... 2
 SUMMARY OF AUDIT RESULTS 2
 ACKNOWLEDGMENTS..... 2
DETAILS OF AUDIT 3
 BACKGROUND..... 3
 AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY..... 3

EXECUTIVE SUMMARY

The Department of Audit Services has completed an audit of Facilities as required by the Texas Higher Education Coordinating Board (THECB).

AUDIT OBJECTIVES

The audit objectives were to determine if the University submitted facility development projects to the THECB in accordance with Texas Administrative Code §17.20 and that the projects were completed as specified in the project applications submitted.

Texas Administrative Code 17.20. FACILITY PROJECTS TO BE SUBMITTED TO THE BOARD.

(a) Institutions shall submit data on the following projects to the Board:

- (1) New construction of building and facilities and/or additions to buildings and facilities having an E&G project cost of \$10 million or greater;
- (2) Repair and renovation projects for buildings and facilities having an E&G project cost of \$10 million or greater;
- (3) 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;
- (4) Energy Savings Performance Contract projects; and
- (5) Projects financed by Capital Construction Assistance Projects pursuant to Education Code §61.0572 and §61.058.

SCOPE

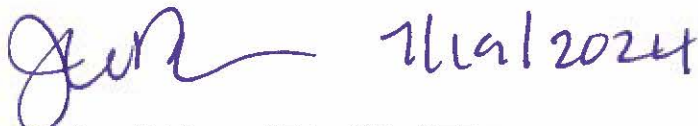
The scope of our audit included facility development projects from June 2015 to December 2023.

SUMMARY OF AUDIT RESULTS

We found that the University was generally in compliance with THECB regulations for project applications and that the projects were completed as specified in the project applications submitted.

ACKNOWLEDGMENTS

We appreciate the assistance provided to us during our audit by the Physical Plant Department and the Office of the Vice President for Finance and Administration.



Jane Ann Bridges, CPA, CIA, CFE
Chief Audit Executive
Stephen F. Austin State University

DETAILS OF AUDIT

BACKGROUND

The Department of Audit Services has completed an audit of Facilities. Texas Education Code §61.0583 requires the Texas Higher Education Coordinating Board (THECB) to periodically conduct a comprehensive audit of all educational and general facilities on the campuses of public senior colleges and universities.

The comprehensive audit consists of three components:

1. Onsite audit of an institution's facilities inventory. This is conducted by the THECB. A peer review team will be onsite July 24-25, 2024 to conduct this component.
2. Audit of an institution's facilities development projects. This component is performed by the internal audit function of the institution.
3. The final report includes the facilities audit report, the internal audit report results, and a response to any action required.

This audit meets the requirement of component 2 above.

AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

The audit objectives were to determine if the University submitted facility development projects to the THECB in accordance with Texas Administrative Code §17.20 and that the projects were completed as specified in the project applications submitted. The scope included all facility development projects between June 2015 and December 2023 that met any of the following criteria:

- New construction of building and facilities and/or additions to buildings and facilities have an educational and general (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 prices is more than \$1,000,000;
- Energy Savings Performance Contract projects; and
- Projects financed by Capital Construction Assistance Projects pursuant to Education Code §61.0572 and §61.058.

Texas Education Code 61.0583. AUDIT OF FACILITIES.

(a) The board periodically shall conduct a comprehensive audit of all educational and general facilities on the campuses of public senior colleges and universities and the Texas State Technical College System to verify the accuracy of the facilities inventory for each of those institutions.

(b) The board shall verify the accuracy of the square footage reported in each institution's budget request in relation to the facilities inventory.

(c) The audit must include a periodic review of construction projects to confirm that: (1) a project has received prior approval by the board if required by Section 61.058 of this code; and (2) an approved project is completed as specified in the request to the board for approval of the project.

(d) The board shall report its findings concerning the audits conducted under this section to the Legislative Budget Board and the audited institutions.

STEPHEN F. AUSTIN STATE UNIVERSITY DEPARTMENT OF AUDIT SERVICES
24-203 FACILITIES AUDIT

We reviewed all three projects that met one or more of the above criteria. They are as follows:

Project	Project Cost
Construct New STEM Building	\$ 46,400,000.00
Construct Addition and Renovate Griffith Fine Arts	\$ 50,000,000.00
Energy Savings Performance Contract #3	\$ 16,478,740.03
Total	\$ 112,878,740.03

We performed our audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards (GAGAS)*. The 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 Department of Audit Services is independent per both standards for internal auditors.

The audit methodology consisted of performing a risk assessment; reviewing applicable policies, procedures, laws, and best practices; relying on previous Facilities audits; determining reliance on internal controls; interviewing appropriate University personnel; reviewing THECB and university regulations for facility development projects; reviewing university records to ensure all applicable projects were submitted for approval; testing of qualifying projects; and performing other procedures as deemed necessary.

The audit criteria included:

- University of Texas System policies;
- University procedures;
- Texas Education Code §61.0583, Audit of Facilities;
- Texas Education Code §61.0572, Construction Funds and Development of Physical Plants;
- Texas Education Code §61.058, New Construction and Repair and Rehabilitation Projects;
- Texas Administrative Code §17.20, Facility Projects to Be Submitted to the Board;
- Texas Administrative Code §17.21, Submission Procedures;
- Other sound administrative guidelines and best practices.