



## **Facilities Audit Protocol**

October 2008



## Texas Higher Education Coordinating Board

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### Mission of the Coordinating Board

The Texas Higher Education Coordinating Board's mission is to work with the Legislature, Governor, governing boards, higher education institutions and other entities to help Texas meet the goals of the state's higher education plan, Closing the Gaps by 2015, and thereby provide the people of Texas the widest access to higher education of the highest quality in the most efficient manner.

### Philosophy of the Coordinating Board

The Texas Higher Education Coordinating Board will promote access to quality higher education across the state with the conviction that access without quality is mediocrity and that quality without access is unacceptable. The Board will be open, ethical, responsive, and committed to public service. The Board will approach its work with a sense of purpose and responsibility to the people of Texas and is committed to the best use of public monies. The Coordinating Board will engage in actions that add value to Texas and to higher education. The agency will avoid efforts that do not add value or that are duplicated by other entities.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

# Facilities Audits Protocol of Texas Higher Education Institutions

## Background

Texas higher education facilities constitute a large resource for the state. Efficient use of funds and the orderly development of physical plants to accommodate projected enrollments are critical components of the state's goal of closing the gaps in higher education. To that end, the Texas Education Code contains several measures that are intended to help ensure efficient use of state resources. These include:

1. §61.0572, Texas Education Code, concerning Construction Funds and Physical Plant
2. §61.0582, Texas Education Code, concerning Campus Master Plan; Deferred Maintenance
3. §61.0583. Texas Education Code, concerning Audit of Facilities

## Audit Goal

Our goal is to assess, verify, and improve the data and process by which Texas public colleges and universities accurately report the use of campus facilities and project funding.

## Audit Objectives

The Texas Education Code requires the Board to periodically conduct a comprehensive audit of all educational and general facilities on the campuses of public senior colleges and universities. The objectives of the audit are to determine whether selected institutions of higher education:

- (1) Are accurately reporting their facilities data to the Board;
- (2) Have control systems in place over their facilities development and management programs;
- (3) Have followed the Board rules and received approval by the Board and the institutional governing board for facilities projects; and
- (4) Approved facilities projects have been completed as specified in the request.

Public universities, health-related institutions, Lamar State Colleges, Texas State Technical Colleges and Texas A & M service agencies will be audited on a 5 year cycle. The Coordinating Board (CB) staff will develop the audit schedule which will be posted on The Texas Higher Education Coordinating Board's (THECB) website.

## Educational and General Facilities Audit

The Board shall periodically conduct a comprehensive audit of all education and general facilities on the campuses of institutions to verify the accuracy of the institutional facilities inventory and approved facilities development projects for each of those institutions. Each audit will consist of two components summarized below and will provide reasonable assurance of the accuracy of the data.

### A. Institutional Facilities Inventory

#### 1. Peer Review Team (PRT) Audits

Institutions may participate, in cooperation with the THECB and peer institution representatives, to conduct on-site audits of facilities. Travel and all associated expenses for the PRT team members will be the responsibility of the institution for which they are employed. THECB will be responsible for travel expenses for THECB staff.

##### *Peer Review Team*

An institution that chooses to conduct peer review audits must complete their audit within the quarter it is scheduled by the Coordinating Board. A THECB staff member will participate in each facilities audit.

Each institution participating in the PRT program will nominate one or more qualified individuals with some expertise in facilities management for the Peer Review Team pool maintained by the THECB Staff. The THECB Staff will, in coordination with the institutions, select the PRT for each audit. The team will be composed of three to five members, depending on the size of the institution to be audited.

##### *Audited Institution*

Institutions being audited will be responsible for providing adequate office space, access to all data sources and administrative reports as required by the PRT, and to all facilities requiring review by the PRT. The Institution to be audited will also provide institutional representatives having knowledge of the facilities inventory and use of the space to accompany representatives of the PRT to physically assess the accuracy of the reported data.

##### *Data & Methods*

THECB staff will generate a random sample of a minimum of 35 E&G rooms from the Institution's certified inventory on file at the THECB. In addition to the 30 room random sample, the THECB staff will randomly select a minimum of an additional 5 rooms from the institution's roster of classrooms and class laboratories (room type 110 and 210). The THECB Senior Program Director for Accountability and Audits (Sr. Program Director) will provide the room list to the PRT and the institution to be audited, 30 days prior to the scheduled audit. Once the room list is published, no changes to the institution's official inventory will be allowed.

##### *Sample*

The sample will be verified for accuracy for the following:

- a) Rooms are identified by a unique alphabetic or numeric code;
- b) Room use codes, room type and Classification and Instructional Programs (CIP) codes accurately reflect actual use;
- c) Prorated use accurately reflects the time used for each function;
- d) Reported room area (square footage) is accurate and verifiable; and
- e) Inventory control systems are in place and in use. Such systems include:

- I. Formal processes that are efficient, effective, and enforced;
- II. Reporting mechanisms to provide for feedback to and from data input to executive management are effective;
- III. Changes (renovations, conversions, etc.) are reflected in the inventory data in a timely and accurate manner; and
- IV. Checks to ensure data between various internal reporting systems to and from external entities are compatible and reconcilable.

#### *Process*

Upon completion of the on-site field audit, the PRT will document its findings and submit a Peer Review Team Report to the institution's Chief Facilities Officer (if this is the institutional PRT point of contact, then escalate one level) not later than fourteen days after the completion of the PRT audit. [Within this same time frame Internal Audit will submit the Development Project report to the Chief Facilities Officer and THECB]. The Institution's Chief Facilities Officer (or designee) shall respond to the PRT Report not later than two weeks after receipt and provide appropriate comments, clarifications and any proposed management actions to the PRT team. This response (to include the Development Projects report) will be forwarded to the Chief Executive Officer, THECB Sr. Program Director and the institution's Internal Audit Office within the two weeks of receipt of the Facility and Development Projects reports or no later than March 30 (whichever comes first) of the fiscal year in which the institution is scheduled for audit, in order to provide a report for the June meeting of the Strategic Planning committee.

#### **2. Self-Audits**

Institutions may choose to conduct self-audits that may be exempted from the peer review process. Costs for certified self-audits are the responsibility of the self-audit seeking institution.

The self-auditing institution may contract with a recognized firm with substantial experience in auditing facilities to conduct the audit of the institution. The institution presents to the THECB Sr. Program Director, a copy of the formal report of the audit and its documented processes that demonstrate the accuracy of the data and confirmation that the review includes consideration of the facilities audit objectives stated above (relating to Facilities Audit Objectives).

#### **3. Remediation Audits**

The Coordinating Board may request that the THECB Internal Audit office conduct an audit of the institution if circumstances warrant further review. THECB Internal Audit shall report the results of those audits to the Committee on Strategic Planning through the THECB Sr. Program Director.

#### **B. Facilities Development Projects**

For project applications and approvals, the institution's Internal Auditor will implement an audit process to select a representative sample of projects meeting the criteria specified below, as well as any acquisitions of real property over the preceding five years (or since the last audit). The Internal Auditor will determine that projects and acquisitions of real property were submitted to the Coordinating Board and received all required approvals, and that any projects completed over that timeframe were completed within the parameters specified in the project application approved by the THECB. The Internal Audit report will be submitted within the same timeframe as the delivery of the PRT report, to both the Chief Facilities Officer and to THECB.

Texas Education Code and Coordinating Board rules require that public institutions of higher education receive THECB approval or re-approval for real property acquisitions, new construction projects, and repair and renovation projects financed from any source of funds in accordance with the THECB rules in effect at the time the project is constructed.

1. Current THECB rules require that institutions submit for its consideration:
  - a. New construction projects costing \$1 million or more;
  - b. Repair and renovation projects costing \$2 million or more;
  - c. Acquisitions of real property; and
  - d. Gifts or donations of improved real property.
  
2. Current THECB rules also require institutions to submit projects for re-approval if:
  - a. The total cost of a project exceeds cost estimates by more than 10 percent; or
  - b. The gross square footage is changed by more than 10 percent; or
  - c. The institution has not contracted for the project within 18 months from its final Coordinating Board approval date; or
  - d. Any funding source of an approved project is changed.

### **Final Report**

The final report, the institutional Facilities Audit report, will include Development Projects and Facilities audit results, as well as a response to any action required. The Chief Executive Officer (or designee) will submit the final report to the THECB Sr. Program Director within 30 days or no later than March 30 (whichever comes first) of the fiscal year in which the institution is scheduled for audit.

The THECB Sr. Program Director, responsible for Facilities Audits, will provide a response to each respective institution within 30 days or no later than March 30 (whichever comes first) of the fiscal year. The PRT Reports and the Development Projects Reports of the fiscal year audits, along with other information deemed relevant, will be organized into a single comprehensive report on the accuracy of institutions' facilities inventories and development project reporting. This final report will be presented at the June meeting of the THECB Strategic Planning Committee and will also be sent to the Legislative Budget Board as required by the Texas Education Code, and a copy will be provided to the Chief Executive Officer of each state institution of higher education.

\*Reporting management will vary by institution and can be designated, as necessary. CFO refers to Chief Facilities officer or designee and CEO refers to Chief Executive officer or designee.

Table A – Compliance Criteria Rubric

Goal	Unit	Compliance Elements	Concept	Item	Scale	Definition	Minor Def	Major Def	Data	Documents
Accurate Facilities Data  A.A	Room	Rooms are identified by a unique alphabetic or numeric code	Identification	Data	5	All rooms reviewed have unique numbers and are posted			CBM 011 PRT data	Campus Operating Procedures  Facilities Manual  Meeting notes
					4	All rooms identified as unique in the report but not on site				
					3	>90% of reviewed rooms have unique identification				
					2	<90% of reviewed rooms have unique identification				
					1	100% of rooms unidentifiable based on unique numbering				
A.B-C-D		Function codes accurately reflect actual use	Room type	Data	5	<5% deviation between reported and PRT data			CBM 011 PRT data	Facilities Manual  Meeting notes
					4	5-6.9% deviation between reported and PRT data				
					3	7-9.9% deviation between reported and PRT data				
					2	10-15% deviation between reported and PRT data				
					1	>15% deviation between reported and PRT data				
A.E		Proration of use is an accurate reflection of the time used	Prorated use	Data	5	<5% deviation between reported and PRT data			CBM 011 PRT data	Facilities Manual  Meeting notes
					4	5-6.9% deviation between reported and PRT data				
					3	7-9.9% deviation between reported and PRT data				
					2	10-15% deviation between reported and PRT data				
					1	>15% deviation between reported and PRT data				
A.F		Reported room area is accurate and verifiable	Size	Data (+/- 10%)	5	<5% deviation between reported and PRT data			CBM 011 PRT data	Facilities Manual  Meeting notes
					4	5-6.9% deviation between reported and PRT data				
					3	7-9.9% deviation between reported and PRT data				
					2	10-15% deviation between reported and PRT data				
					1	>15% deviation between reported and PRT data				

Table A.2 – Compliance Criteria Rubric

Goal	Unit	Compliance Elements	Concept	Item	Scale	Definition	Minor Def	Major Def	Data	Documents
Control Systems are in place  A.2.G.1		Facility inventory systems are formal processes that are efficient, effective, and enforced. (Documentation supports these formal processes)		Process	5 4 3 2 1	Noteworthy Very good  Acceptable Ineffective or not enforced No control systems in place				Campus Operating Procedures Meeting notes
A.2.G.2		Internal facility inventory systems provide a mechanism for credible feedback and reporting to and from management and data input		Process	5 4 3 2 1	All levels integrated in the feedback process Effective process; few minor procedural issues Effective process; no major procedural issues Ineffective process; major procedural issues No control systems in place				Campus Operating Procedures Meeting notes
A.2.G.3		Changes (e.g. renovations) are reflected in the internal inventory data in a timely and accurate manner. (Start time begins when change substantially complete)		Process	5 4 3 2 1	Changes routinely reflected on inventory within 30 days Changes routinely reflected on inventory within 60 days Changes routinely reflected on inventory within 90 days Changes take >90 days to be reflected on the inventory No control systems in place				Campus Operating Procedures  Meeting notes
A.2.G.4		Inventory data is reconcilable and compatible between internal (within institution) and external (outside agencies/sources) reporting systems		Process	5 4 3 2 1	Data is compatible and reconcilable Majority of data is reconcilable Some data is compatible Significant data differences No control systems in place				Campus Operating Procedures Meeting notes



Table B – Audit Process Overview

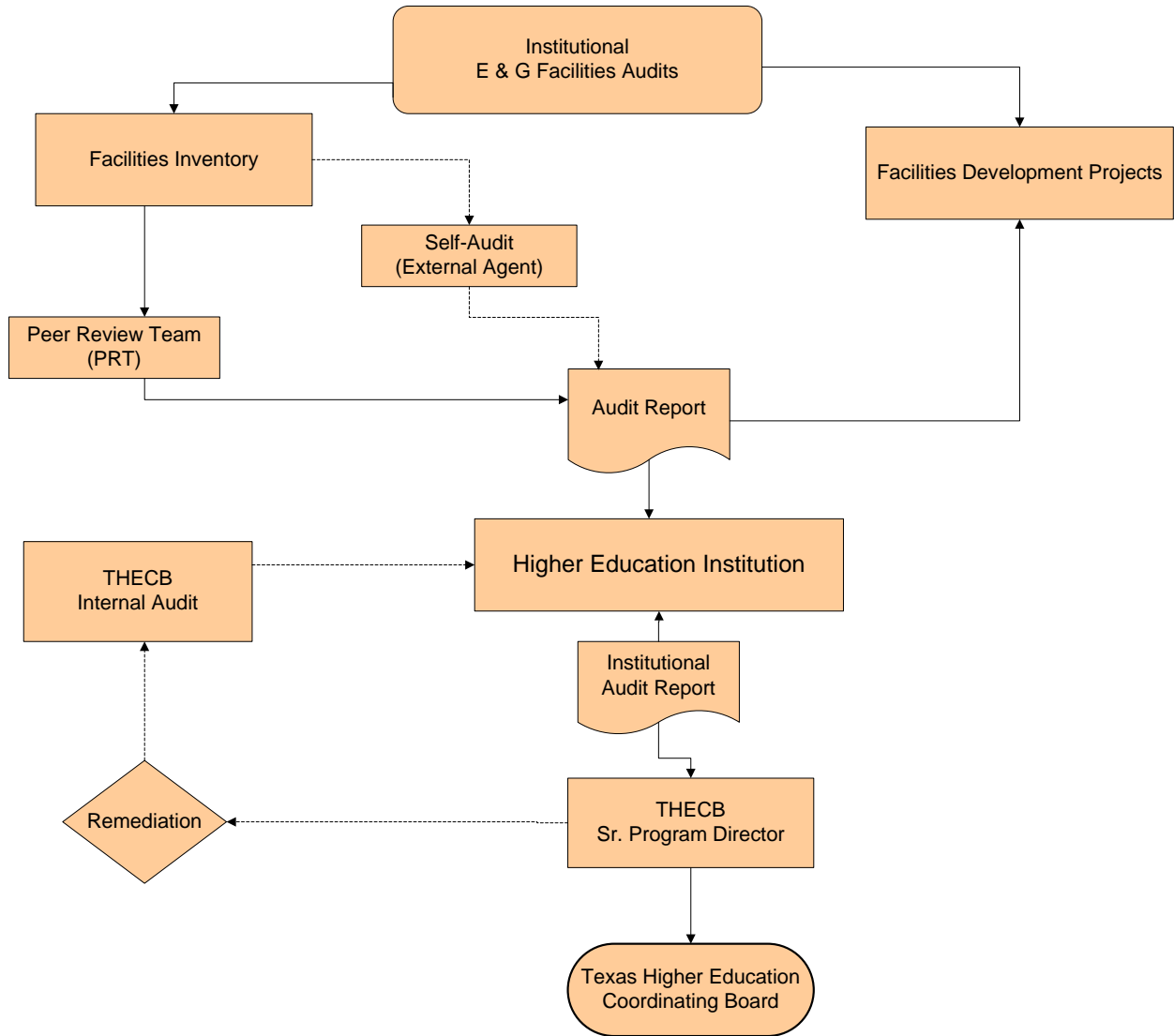
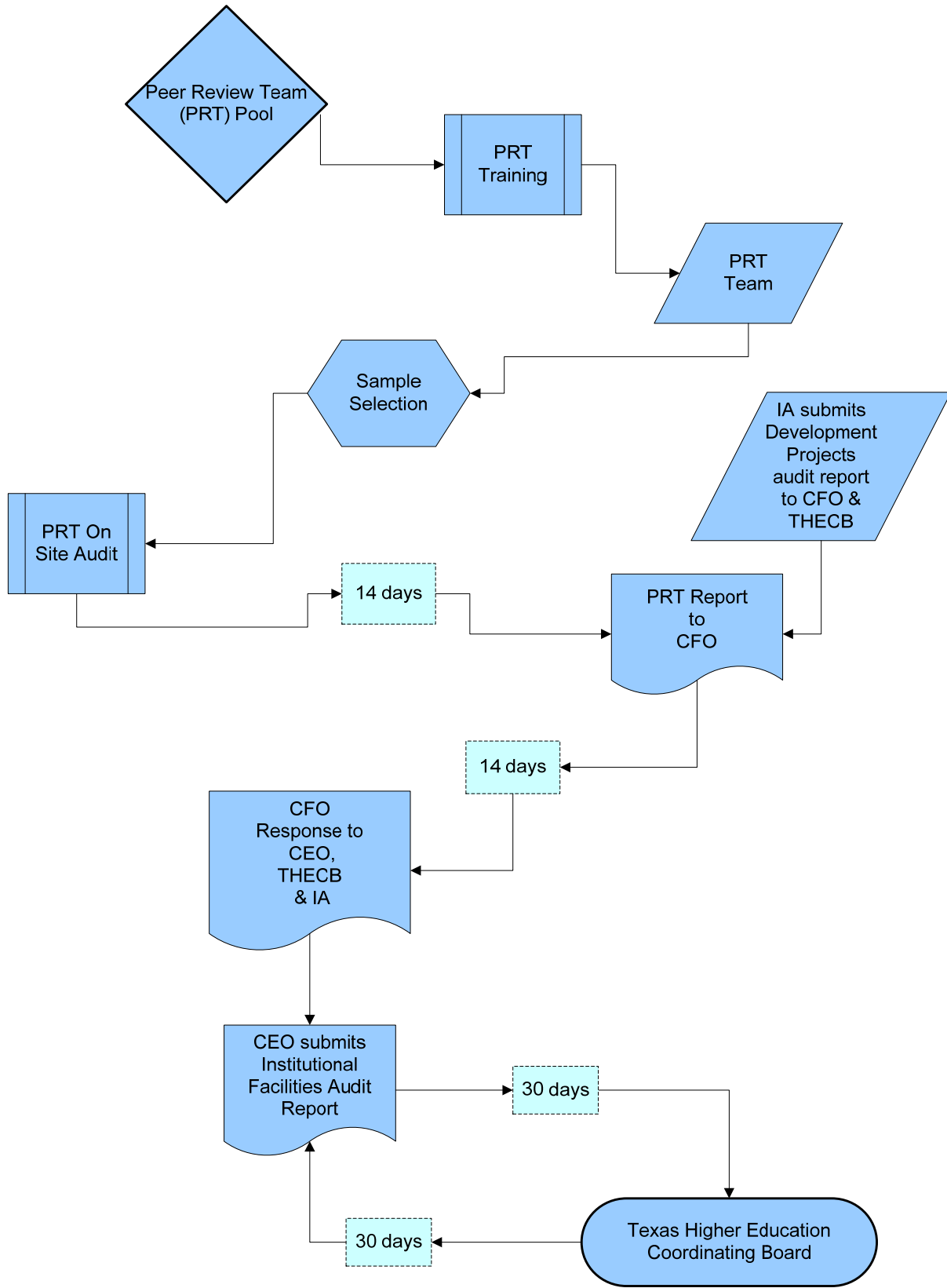


Table C – Peer Review Team Process





This document is available on the Texas Higher Education Coordinating Board Website: <http://www.thecb.state.tx.us>

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