

State Auditor's Office

Lawrence F. Alwin, CPA

Two Commodore Plaza
206 East Ninth Street, Suite 1900
Austin, Texas 78701

Phone: (512) 479-4700
Fax: (512) 479-4884

An Audit Report on Financial Controls Over the Expansion of Texas A&M University - Corpus Christi

October 21, 1998

Members of the Legislative Audit Committee:

Texas A&M University - Corpus Christi (University) has developed and is implementing its expansion plans to a four-year university in an effective manner. The population of full-time equivalent students grew 20 percent from 1995 to 4,700 students in 1997 and is expected to continue growing. The University appropriately used state funds and revenues from bond authorizations for construction projects managed by University staff, which totaled \$6 million. The University is also effectively implementing its plans to meet student housing needs, to manage student fee increases, and to develop an intercollegiate athletic program. The University's actions indicate that it is doing a good job managing the increased funds and responsibility given to it when the Legislature passed legislation to expand its mission.

We did note some minor financial control weaknesses that management has already started to address. We provided the University with a list of recommendations relating to these weaknesses, which is available from our Office upon request.

We conducted our fieldwork from July 1998 through August 1998 and used applicable professional standards including Generally Accepted Government Auditing Standards and Generally Accepted Auditing Standards.

We appreciate the University's cooperation during the project. If you have any questions, please contact Eric Corzine, Project Manager, or Cathy Smock, Audit Manager, at (512) 479-4700.

Sincerely,



Lawrence F. Alwin, CPA
State Auditor

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cc: Texas A&M University System Board of Regents
Texas A&M University System
Dr. Barry Thompson, Chancellor
Mr. Frank R. Clark, Sr., Director of Internal Audit Department
Texas A&M University - Corpus Christi
Dr. Robert R. Furgason, President

Objective, Scope and Methodology

The objective of our review was to determine if financial controls over expansion activities are sufficient and effective. We gained an understanding of the control systems by interviewing executive personnel, management, and staff. In testing control systems, we compared the described with the actual processes by analyzing documents and interviewing employees. We limited our review to construction funds managed by the University and other related expansion activities. Construction projects managed by Texas A&M University System will be reviewed in a separate audit of university systems.

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