



OFFICE OF THE STATE AUDITOR

TWO COMMODORE PLAZA
206 EAST NINTH STREET, SUITE 1900
AUSTIN, TEXAS 78701

LAWRENCE F. ALWIN, CPA
State Auditor

June 8, 1998

Members of the Legislative Audit Committee:

We completed a management control audit of The University of Texas – Pan American (University), and we determined that the University has adequate controls necessary to ensure that its resources are used as intended. Minor issues in the areas of auxiliary enterprises, human resources, and revenues were uncovered during the audit. The University has responded positively to our recommendations and has either implemented or is in the process of implementing them.

The objectives of this audit were to assess whether the University established the controls necessary to provide educational services, safeguard assets, use resources efficiently, and comply with applicable laws and regulations. The scope of this audit included the examination of the University's policy management, information management, and resource management.

In addition to the management control audit, we performed other audit work.

Formula Funding Audit

The University is in compliance with Formula Funding guidelines. Our testing for compliance with state laws and Texas Higher Education Coordinating Board rules did not identify any over-funding of semester credit hours at the University. Formula appropriations for the University for the 1998-1999 biennium are \$68,319,781.

Accreditation Audit

We reviewed the University's Current Funds for fiscal year 1997 to provide limited assurance for an accreditation review by the Southern Association of Colleges and Schools. Nothing came to our attention that would require the modification of the financial statements in order for them to be in conformity with generally accepted accounting principles.

Compliance With the Historically Underutilized Business Program

Audit procedures were also performed to determine the University's compliance with the Historically Underutilized Business (HUB) program. We found that the University was making a good-faith effort to comply with the HUB program. Totaled certified HUB expenditures for fiscal year 1997 were \$2.5 million.

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The audits were conducted in accordance with Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence F. Alwin". The signature is written in a cursive, flowing style with large, connected letters.

Lawrence F. Alwin, CPA
State Auditor

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