

Report to the Audit and Compliance Committee of the  
University of Houston System  
Board of Regents  
May 21, 2026

UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT

Fiscal Year 2026 INTERNAL AUDIT ACTIVITY  
since March 12, 2026

and

INTERNAL AUDIT REPORTS

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AR2026-16 University of Houston System, Contracts Requiring UHS Board of Regents Approval, Report to the Audit and Compliance Committee of the UHS Board of Regents

Note: This internal audit report is submitted to the Board of Regents and the Chancellor for their review in order to comply with the Board of Regents policy and the Texas Government Code, Section 2102.008. This internal audit report is also submitted to the Governor's Office of Budget, Planning, and Policy; the State Auditor; and the Legislative Budget Board in order to comply with the Texas Government Code, Section 2102.0091.

# FY26 Internal Audit Activity

Since March 12, 2026 Board of Regents Audit and Compliance Committee Meeting

## Audits Completed

- **AR2026-01** Contracts Requiring Board of Regents Approval (1<sup>st</sup> Quarter)
- **AR2026-02** Board of Regents Travel & Entertainment, FY25
- **AR2026-03** UH/UHS Chancellor/President's Travel & Entertainment, FY25
- **AR2026-04** UHCL President's Travel & Entertainment, FY25
- **AR2026-05** UHD President's Travel & Entertainment, FY25
- **AR2025-07** UH Foundation Donor Agreement Expenditures
- **AR2026-08** Texas Education Code §51.9337 Compliance
- **AR2026-09** UH Education Research Center
- **AR2026-10** UHD Joint Admission Medical Program, FY24 & FY25
- **AR2026-11** UH Joint Admission Medical Program, FY24 & FY25
- **AR2026-12** UH College of Medicine Joint Admission Medical Program, FY24 & FY25
- **AR2026-13** Contracts Requiring Board of Regents Approval (2<sup>nd</sup> Quarter)
- **AR2026-15** UHS Annual Procurement Report
- **AR2026-16** Contracts Requiring Board of Regents Approval (3<sup>rd</sup> Quarter)

## Special Projects Completed

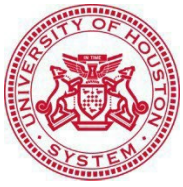
- UHS Institutional Compliance Fraud and Non-Compliance Hotline Reports (≈49)
- UH COE/COT Department Expenditures
- UH Conflict of Interest
- UH Biology Department
- UHCL Research Center Budget/IDC

## Audits in Progress

- Board of Regents Travel and Entertainment FY26
- President's Travel and Entertainment, FY26 (UHS, UH, UHCL, and UHD)
- Contracts Requiring Board of Regents Approval (UHS)
- Procurement Card Management (UH)
- Laboratory Safety (UH)
- UH Inventory of Protected Health Information
- UHD Inventory of Protected Health Information
- UHS TAC 202
- UHS Continuous Control Monitoring

## Special Projects in Progress

- UHS Institutional Compliance Fraud and Non-Compliance Hotline (Varies per FY)
- UHCL Conflict of Interest (multiple)
- UH Gift Card Expenditures



## Internal Auditing Department

# University of Houston System Contracts Requiring UHS Board of Regents Approval

Report to the Audit and Compliance Committee of the UHS Board of Regents  
AR2026-16

May 2026



Freshman Student Housing Project - Photo courtesy of University of Houston Information Technology Service Webcams.

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## Executive Summary

The Internal Auditing Department (IAD) reviewed the solicitation/purchasing process surrounding contracts that required UHS Board of Regents approval from January 1, 2026, through March 31, 2026. IAD noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.

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## Background

UHS procures construction services under the provisions of the Texas Education Code, Sections 51.778 – 51.785. These statutes address the following construction methods: Design-Build, Construction Manager-Agent, Construction Manager-At-Risk, Construction Services through Competitive Sealed Proposals and Job Order Contracts. The UHS Facilities, Planning and Construction Department and the UH Purchasing Department have developed policies and procedures to help ensure compliance with these statutes. For major construction projects, UHS primarily uses the Design-Build and Construction Manager-At-Risk contract methods. The IAD reviews the RFQ / RFP publication, evaluation, and selection process for contracts requiring Board of Regents approval on an ongoing basis. The Internal Audit Department also reviews the procurement for other contracts requiring Board of Regents approval (RFQ/RFP, Invitation to Bid and Sole Source).

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## Objective

The objectives of this review are to determine whether UHS is complying with its policies and procedures and the Texas Education Code in selecting its contractors for contracts requiring Board of Regents approval.

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## Scope of Work

The IAD review of procurement of contracts requiring Board of Regents approval covers the time period from January 1, 2026, through March 31, 2026.

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## Audit Procedures

The IAD performed a review of the solicitation/procurement process surrounding contracts requiring UHS Board of Regents approval (totaling \$1 million or more) for compliance with policies and procedures. For each solicitation we reviewed the following for compliance with:

1. Requirements for publication of solicitation documents on the State Comptroller's Electronic State Business Daily;
2. Document inclusion in the bid/evaluation packet (e.g. bid receipt/review, subcontracting probability form, HUB subcontracting form, etc.), as required on the solicitation checklist;
3. Use of published bid evaluation criteria by the selection team;
4. The Purchasing Department's compilation procedures of the selection team members' rankings for clerical accuracy and agreement of evaluation criteria to solicitation documents;
5. Procedures for submission of recommendation to VC/VP; and
6. Evaluation procedures for VC/VP approval.

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## Conclusion

IAD noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.

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## Appendices

Analysis of internal audit activity related to the review of contracts requiring UHS Board of Regents approval award evaluations can be found in Appendix 1. The project and contract amounts listed in Appendix 1 reflect the figures provided by the UH Purchasing Department at the time of our review.

Contracts Requiring Board of Regents Approval  
Internal Audit Activity  
January 1, 2026, through March 31, 2026

<u>Project or Contract Description</u>	<u>Solicitation Type/Number</u>	(\$ Millions) <u>Amount</u>	BOR <u>Approval</u>
<b><u>Construction Projects \$10 Million and Over</u></b>			
Job Order Contracting Services FY26 (Award)	RFP-730-UofH-3064	\$50.0	5/15/2024
Architectural Design Services FY26 (Award)	RFQ-783-UofH-3079	\$15.0	8/21/2025
<b><u>Construction Projects Over \$1 Million and Under \$10 Million</u></b>			
Agrawal 310 Science Lab Build Out FY26 (Award)	RFP-730-UofH-3077	\$2.6	2/19/2025
MEP Engineering Design Services FY26 (Award)	RFQ-783-UofH-3078	\$7.0	8/21/2025
<b><u>Non-Construction Contracts Over \$1 Million</u></b>			
Travel Management System FY25 (Award)	RFP-783-UofH-3050	\$1.5	PENDING
Photocopy Machines and Services FY26 (Award)	RFP-730-UofH-3071	\$4.5	PENDING

**Legend**

CMAR - Construction Manager at Risk

AE - Architectural and Engineering Services (RFQ only)

RFP - Request for Proposal

RFQ - Request for Qualifications

ITB - Invitation to Bid

**Contracts Requiring Board of Regents Approval  
Internal Audit Activity  
Jan 1, 2026, through March 31, 2026**

Project Category <sup>1</sup>	Project or Contract Description <sup>1</sup>	Solicitation Type/Number <sup>1</sup>	
Construction Projects \$10 Million and Over	Architectural Design Services FY26 (Award)	RFQ-783-UofH-3079	\$15,000,000
	Job Order Contracting Services FY26 (Award)	RFP-730-UofH-3064	\$50,000,000
Construction Projects Over \$1 Million and Under \$10 Million	Agrawal 310 Science Lab Build Out FY26 (Award)	RFP-730-UofH-3077	\$2,600,000
	MEP Engineering Design Services FY26 (Award)	RFQ-783-UofH-3078	\$7,000,000
Non-Construction Contracts Over \$1 Million	Photocopy Machines and Services FY26 (Award)	RFP-730-UofH-3071	\$4,500,000
	Travel Management System FY25 (Award)	RFP-783-UofH-3050	\$1,500,000

**Grand Total**

Internal Audit 5/21/26

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The Texas Internal Auditing Act, Texas Government Code, Section 2102, requires each state agency that receives appropriation to establish a program of internal auditing. The University of Houston System Internal Auditing Department was created by the Board of Regents as an independent office reporting directly to the Chair of the Audit and Compliance Committee of the Board of Regents with access to the Chancellor. We conduct performance audits to review aspects of the University System operations and procedures to help establish accountability, improve System operations, and provide recommendations for improvement.

The UHS Internal Auditing Department would like to thank the UH Purchasing Department for their cooperation and assistance during this audit process.

Sincerely,

*Phillip W. Hurd*

**UHS Internal Auditing Department  
Chief Audit Executive**

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