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# AGENDA

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## UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

**DATE:** Thursday, December 3, 2020

**TIME:** 11:45 AM

**PLACE:** The University of Houston System Board of Regents will convene this meeting remotely by videoconference from various locations. It is necessary to conduct this committee meeting remotely due to the COVID-19 pandemic.

Link to live broadcast of meeting: <https://uh.edu/bor-live>

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**Chair:** Beth Madison

**Vice Chair:** Jack B. Moore

**Members:** Durga D. Agrawal  
Alonzo Cantu  
John A. McCall, Jr.  
Alvaro De La Cruz  
Tilman J. Fertitta, Ex Officio

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I. Audit and Compliance Committee

A. Call to Order

*Presenter: Chair Jack B. Moore*

B. Approval of Committee Minutes

- August 20, 2020, Audit and Compliance Committee meeting

**Action:** Approval

*Presenter: Chair Jack B. Moore*

C. Report on University of Houston System, Ethics and Conflict of Interest Policies of the Board of Regents and each of the Universities, Fiscal Year 2021 - University of Houston System.

**Action:** Information

*Presenter: Phil Hurd, Chief Audit and Compliance Executive*

D. Report on University of Houston System, Annual Fraud Prevention and Awareness Report, Fiscal Year 2020 - University of Houston System.

**Action:** Information

*Presenter: Phil Hurd, Chief Audit and Compliance Executive*

- E. Report on University of Houston System, Identity Theft Prevention Program - Executive Summary, Fiscal Year 2020 - University of Houston System. 97

**Action:** Information

*Presenter: Phil Hurd, Chief Audit and Compliance Executive*

- F. Report on University of Houston System, Annual Procurement Report, Fiscal Year 2020 - University of Houston System. 102

**Action:** Information

*Presenter: Phil Hurd, Chief Audit and Compliance Executive*

- G. Report on University of Houston System, Internal Auditing Department - Annual Report, Fiscal Year 2020 - University of Houston System. 11

**Action:** Information

*Presenter: Phil Hurd, Chief Audit and Compliance Executive*

- H. Report on University of Houston System, Internal Audit Reports - University of Houston System. 138

**Action:** Information

*Presenter: Phil Hurd, Chief Audit and Compliance Executive*

- I. Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report, Fiscal Year 2020 - University of Houston System. 152

**Action:** Information

*Presenter: Phil Hurd, Chief Audit and Compliance Executive*

- J. Report on University of Houston System, Institutional Compliance Status Report for the three months ended September 30, 2020 - University of Houston System. 158

**Action:** Information

*Presenter: Phil Hurd, Chief Audit and Compliance Executive*

## II. **Executive Session**

- A. 1. Consultation with System Attorney Regarding Legal Matters and/or Contemplated Litigation or Settlement Offers.  
TEXAS GOV'T CODE SECTION 551.071
2. Deliberations regarding the Purchase, Exchange, Sale or Value of Real Property.  
TEXAS GOV'T CODE SECTION 551.07
3. Deliberation Regarding a Prospective Gift.

TEXAS GOV'T CODE SECTION 551.073

4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Chancellor, Presidents, Vice Chancellors, in the Division of Athletics and members of the Board of Regents.

TEXAS GOV'T CODE SECTION 551.074

5. Confidentiality of government information related to security or infrastructure issues for computers.

TEXAS GOV'T CODE SECTION 552.139

III. **Report and Action from Executive Session**

*Presenter: Chair Jack B. Moore*

IV. **Adjourn**

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Audit and Compliance

**ITEM:** Report on University of Houston System, Ethics and Conflict of Interest Policies of the Board of Regents and each of the Universities, Fiscal Year 2021

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

The Board of Regents Audit and Compliance Committee Charter and Checklist, item number 23, requires the Audit and Compliance Committee to conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities to ensure that the Board of Regents and each of the institutions have Conflict of Interest Policies in place. The policies include Code of Ethics/Ethical Conduct of Employees and Conflicts of Interest.

These policies provide guidelines to avoid conflicts of interest, generally described as the use of one's university employment or position to obtain unauthorized privileges, benefits, or things of value for oneself or others. Standards of conduct for employees must also be maintained to fulfill their responsibility to the public in performance of their official duties. These policies set forth a code of accountability for component university employees in the performance of university responsibilities, identify areas of legal and ethical concern, and specify requirements for compliance with state laws, federal guidelines, Board of Regents policies, standards of ethics, and good business practices.

**SUPPORTING DOCUMENTATION:**

Ethics and Conflicts of Interest Policies Summary (including changes during the past year), Table of Contents, and Ethics and Conflict of Interest Policies of the Board of Regents, University of Houston System, University of Houston, University of Houston-Downtown, University of Houston-Clear Lake, and University of Houston-Victoria

**FISCAL NOTE:**

**RECOMMENDATION/  
ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System



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CHIEF AUDIT AND COMPLIANCE EXECUTIVE

Phillip W. Hurd

11-17-2020

DATE



\_\_\_\_\_  
CHANCELLOR

Renu Khator

11/17/2020

DATE

**University of Houston System  
Ethics and Conflict of Interest Policies**

**December 3, 2020**

University of Houston System  
Ethics and Conflict of Interest Policies  
Summary  
December 3, 2020

The Board of Regents Audit and Compliance Committee Charter and Checklist, item number 23, requires the Audit and Compliance Committee to conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities to ensure that the Board of Regents and each of the institutions have Conflict of Interest Policies in place. The policies include Code of Ethics/Ethical Conduct of Employees and Conflicts of Interest. In addition to their own policies, all institutions also refer to the Texas Ethics Commission “Guide to Ethics Laws for State Officers and Employees.”

These policies provide guidelines to avoid conflicts of interest, generally described as the use of one’s university employment or position to obtain unauthorized privileges, benefits, or things of value for oneself or others. Standards of conduct for employees must also be maintained to fulfill their responsibility to the public in the performance of their official duties. These policies set forth a code of accountability for component university employees in the performance of university responsibilities, identify areas of legal and ethical concern, and specify requirements for compliance with state laws, federal guidelines, Board of Regents policies, standards of ethics, and good business practices.

The changes to the policies since they were last reviewed by the Audit and Compliance Committee on November 15, 2019, include:

Table of Contents

- Correction made in UHS, date last reviewed of SAM 02.A.09

Board of Regents

- Wording revised in the final bullet item of Board of Regents’ Conflict of Interest Certification: **Intentionally or knowingly misuse government property, services, personnel, or any other thing of value belonging** to the government that has come into my custody or possession by virtue of my office or employment, **with the intent to obtain a benefit or with intent to harm or defraud another.** See Texas Penal Code § 39.02(a)(2).

University of Houston System

- No updates or changes were made.

### University of Houston

- No updates or changes were made.

### University of Houston-Downtown

- PS 05.C.07, Code of Conduct – Procurement Responsibilities reaffirmed 2/21/2020
- PS 06.A.07, revised 2/12/2020. Title changed from **Ethical Conduct in Research and Government-Sponsored Activities** to Misconduct in Research, Scholarly, Creative, and Government Sponsored Activities to more accurately reflect the scope of the policy. The policy now requires that faculty annually declare and/or reaffirm what constitutes bona fide contributions to research/scholarship that warrants authorship; the policy now requires the use of an Inquiry Team rather than a single individual carrying out inquiries; the duration of inquiries is now more flexible to account for the potential complexity of an allegation; the Provost now has more time between the end of an inquiry and the initiation of an investigation; the duration of investigations is now more flexible to account for the potential complexity of an allegation; all inquiry and investigation interviews must now be recorded; the Provost now has more time between the end of an investigation and determining whether misconduct has occurred and the issuance of any sanctions; a 30-day deadline has been added to appeals to the UHD President; and additional references have been added to the policy.

### University of Houston-Clear Lake

- No updates or changes were made.

### University of Houston-Victoria

- No updates or changes were made.

UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS  
AUDIT & COMPLIANCE COMMITTEE

ETHICS AND CONFLICT OF INTEREST POLICIES  
OF  
BOARD OF REGENTS AND EACH OF THE UNIVERSITIES

**FY 2021**

UNIVERSITY OF HOUSTON SYSTEM  
ETHICS AND CONFLICTS OF INTEREST POLICIES

As of **September 30, 2020**

Table of Contents

The Board of Regents Audit Committee Charter and Checklist, item number 23, requires the Audit Committee to conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities. The following policies are attached for this review, noting in parenthesis the date of last update:

Page No.

Board of Regents

3	57.01	Code of Ethics (08/24/17)
3	57.08	Conflicts of Interest (08/24/17)
6		Board of Regents Conflict of Interest Certification FY 2019-2020

University of Houston System

8	SAM 02.A.09	Conflict of Interest (03/25/16) (Last Reviewed 09/02/19)
10	SAM 02.A.29	Ethical Conduct of Employees (03/25/16)

University of Houston

19	MAPP 02.04.07	Ethical Conduct of University Employees (Reviewed 09/2/19)
27		UH Research Policy on Conflict of Interest in Research (January 2016 & April 2016)

University of Houston-Downtown

42	05.C.07	Code of Conduct – Procurement Responsibilities (09/16/14)
46	06.A.03	Standards of Conduct in Government-Sponsored Research (08/17/15)
49	06.A.04	Procurement Integrity Policy (08/17/15)
50	06.A.07	Ethical Conduct in Research and Government-Sponsored Activities (08/17/15)

University of Houston-Clear Lake

55	ULC1998.004	Consulting and Outside Employment (12/11/08)
58	LRRC2005.001	Procedure on Conflicts of Interest for Investigators (03/10/05)
62	10.2.4	Research Ethics Policy and Procedures (June 1998)
66		Annual Certification of Compliance for Investigators FY 2020
68	ULC1997.010	Nepotism (12/10/09)

University of Houston-Victoria

70	C-8	Employee Standards of Conduct (policy also addresses Conflicts of Interest) (04/23/19)
80	C-8 Supplement	Financial Aid Employee Standards of Conduct and Conflict of Interest Certification [undated]
81	E-7	Related Party Disclosures (12/14/17)

## BOARD OF REGENTS POLICIES

57.01 Code of Ethics [<http://uhsystem.edu/board-of-regents/policies/index.php#SectionVI>]

- 57.01.1 All members of the Board and all employees of the System and its component universities shall adhere to the highest ethical standards of conduct reflected in state law and Board policies.
- 57.01.2 The System code of ethics is comprised of the following components:
  - A. Statutory Standards of Conduct for State Employees, Section 572.051, Texas Government Code;
  - B. the following Board policies:
    - 1. Academic Freedom (21.03)
    - 2. Sexual Harassment (29.02)
    - 3. Governmental Appearances (81.01)
    - 4. Consulting and Paid Professional Service (57.02)
    - 5. Dual Office Holding (57.04)
    - 6. Nepotism (57.07)
    - 7. Conflicts of Interest (57.08)
- 57.01.3 All members of the Board and employees of the System and its component universities shall be furnished a copy of the laws and policies comprising the code of ethics at the time of employment or commencement of service and at the start of each academic year and shall receive training on such laws and policies.
- 57.01.4 All members of the Board shall annually sign conflict of interest certification statements affirming their compliance with their official oath and specific provisions of Texas statutes related to ethical behavior.
- 57.01.5 Each officer or employee of the System and of the component universities is expected to obey all federal, state, and local laws and is subject to disciplinary action for a violation of those laws.

(Policy last reviewed 08/24/2017)

### **Related Statutes, Policies, or Requirements**

Texas Government Code § 572.051 – *Standards of Conduct; State Agency Ethics Policy*

Texas Education Code § 51.9337 – *Purchasing Authority Conditional: Required Standards*

UH System Board of Regents Policy 57.08 – *Conflicts of Interest*

System Administrative Memoranda (SAMs)

02.A.09 – *Conflict of Interest*

02.A.29 – *Ethical Conduct of Employees*

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57.08 Conflicts of Interest

[<http://www.uhsystem.edu/board-of-regents/policies/index.php#SectionVI>]

All members of the Board and employees of the System and its component universities shall adhere to and be furnished a copy of the Statutory Standards of Conduct for State Employees, Section 572.051, Texas Government Code, and shall avoid conflicts of interest, generally described as the use of one's University employment or position to obtain

## BOARD OF REGENTS POLICIES

unauthorized privileges, benefits, or things of value for oneself or others, including the following:

- 57.08.1 No Board member or employee shall solicit, engage, or agree to accept any privilege, benefit or thing of value for the exercise of his/her discretion, influence, or powers as an employee or regent, except as is allowed by law.
- 57.08.2 No Board member or employee shall accept any privilege, benefit, or thing of value that might tend to influence him or her in the discharge of his/her duties as an employee or regent.
- 57.08.3 No Board member or employee shall use his/her position to secure special privileges or exemptions for himself or herself or others, except as is allowed by law.
- 57.08.4 No Board member or employee may be an officer, agent, employee, or member of, or own an interest in a professional activity that foreseeably might require or induce him or her to disclose confidential information acquired by reason of his/her System position.
- 57.08.5 No Board member or employee shall accept employment or engage in any business or professional activity that foreseeably might require or induce him or her to disclose confidential information acquired by reason of his/her System position.
- 57.08.6 No Board member or employee shall disclose confidential information gained by reason of his/her System position, nor shall he/she otherwise use such information for his/her personal gain or benefit.
- 57.08.7 No Board member or employee shall transact any business for the System with any entity of which he/she is an officer, agent, employee, or member, or in which he/she has a direct or indirect financial or other interest.
- 57.08.8 No Board member or any employee shall make personal investments in any enterprise that foreseeably might create a substantial conflict between his/her private interests and the System's interests.
- 57.08.9 No Board member or employee shall accept other employment that might impair his/her independence of judgment in the performance of his/her System duties.
- 57.08.10 No Board member or employee shall receive any compensation for his/her services to the System from any source other than the State of Texas except as is allowed by law.
- 57.08.11 No Board member or employee who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions shall solicit, accept, or agree to accept any benefit from a person or entity the employee knows or should know is or is likely to become financially interested in such transactions.
- 57.08.12 The University shall not accept a gift, grant, donation, or other consideration to be used as a salary supplement without the prior written approval of the recipient's immediate superior, the office of general counsel and the president, and written authorization of the internal auditor, who shall report the necessary information to the State Auditor.
- 57.08.13 No Board member or employee shall knowingly solicit, accept, or agree to accept any benefit for having exercised the officer's or employee's official powers or performed the officer's or employee's official duties in favor of another.

## BOARD OF REGENTS POLICIES

- 57.08.14 Each Board member or employee who is involved in procurement or in contract management, shall disclose to the agency any potential conflict of interest specific by state law or University policy that is known by the Board member or employee with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor with the University.
- 57.08.15 No employee shall have a direct or indirect financial or other interest, shall engage in a business transaction or professional activity, or shall incur any obligation, that is in substantial conflict with the proper discharge of the employee's duties for the institution.
- 57.08.16 No Board member or employee shall act as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the institution.
- 57.08.17 The resources of the University shall be used only in accordance with University policies and applicable law.

Failure of any employee to comply with the foregoing shall constitute grounds for discharge or other disciplinary action.

(Policy last updated 08/24/2017)

### **Related Statutes, Policies, or Requirements**

Texas Government Code § 572.051 – *Standards of Conduct; State Agency Ethics Policy*

Texas Government Code § 2113.014 – *Employee Standards of Conduct*

Texas Government Code § 2261.252 – *Disclosure of Potential Conflicts of Interest; Certain Contracts Prohibited*

Texas Education Code § 51.923 – *Qualifications of Certain Business Entities to Enter into Contracts with an Institution of Higher Education*

Texas Education Code § 51.9337 – *Purchasing Authority Conditional: Required Standards*

UH System Board of Regents Policy 57.01 – *Code of Ethics*

System Administrative Memoranda (SAMs)

02.A.09 – *Conflict of Interest*

02.A.29 – *Ethical Conduct of Employees*

03.A.17 – *Disclosure of Related Party Interests*

## BOARD OF REGENTS POLICIES

### UNIVERSITY OF HOUSTON SYSTEM BOARD OF REGENTS CONFLICT OF INTEREST CERTIFICATION

**FY 2020 – 2021**

University of Houston System Board of Regents Policy requires that all members of the Board shall annually sign conflict of interest certification statements affirming their compliance with their official oath and specific provisions of Texas statutes related to ethical behavior. In accordance with this policy, I affirm that:

- I will faithfully execute the duties of the Board of Regents of the University of Houston System, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State. *See Texas Constitution Art. 16, § 1.*
- I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment as a reward to secure my appointment or confirmation, whichever the case may be. *See Texas Constitution Art. 16, § 1.*
- I will file a verified financial statement with the Texas Ethics Commission in accordance with Texas Government Code §§ 572.022 through 572.0252. *See Texas Government Code § 572.021.*
- I shall publicly disclose to the board any personal or private interest that I have in a measure, proposal, or decision pending before the board in a meeting called and held in compliance with Texas Government Code Chapter 551. I acknowledge that I may not vote or otherwise participate in such a decision pending before the board and further understand that my public disclosure shall be entered in the minutes of the meeting. *See Texas Government Code § 572.058(a).*
- I will disclose any legal or equitable interest in property that is acquired with public funds. Such disclosure shall be made by filing an affidavit containing specific information as required by Texas Government Code 553.002.
- **I shall not:**
  - Accept or solicit any gift, favor, or service that might reasonably tend to influence me in the discharge of my official duties or that I know or should know is being offered with the intent to influence my official conduct. *See Texas Government Code 572.051(a)(1).*
  - Accept other employment or engage in a business or professional activity that I might reasonably expect would require or induce me to disclose confidential information acquired by reason of my position. *See Texas Government Code 572.051(a)(2).*
  - Accept other employment or compensation that could reasonably be expected to impair my independence of judgment in the performance of my official duties. *See Texas Government Code 572.051(a)(3).*



# UNIVERSITY OF HOUSTON SYSTEM POLICIES

02.A.09 Conflict of Interest

[<http://www.uh.edu/af/universitieservices/policies/sam/2HumanResources/2A9.pdf>]

## UNIVERSITY OF HOUSTON SYSTEM ADMINISTRATIVE MEMORANDUM

SECTION: Human Resources  
AREA: General  
SUBJECT: Conflict of Interest

NUMBER: 02.A.09

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### 1. PURPOSE

Although the University of Houston System depends upon the integrity and discretion of its staff with respect to actual or apparent conflict of interest, all University of Houston System employees are expected to obey all federal, state and local laws. This administrative memorandum presents requirements to avoid conflicts of interest in accordance with Texas Government Code Section 572.051, Texas Education Code 51.9337, and Board of Regents Policies, including 57.01, 57.02, 57.04, 57.05, and 57.08.

### 2. POLICY

- 2.1. Conflict of interest is the use of one's University of Houston System employment to obtain unauthorized privileges, benefits, or things of value for oneself or others.
- 2.2. Guidelines to avoid conflict of interest include the following:
  - a. No employee shall solicit, accept, or agree to accept any privilege, benefit or thing of value for the exercise of his or her discretion, influence or powers as an employee except as is allowed by law.
  - b. No employee shall accept any privilege, benefit or thing of value that might tend to influence him or her in the discharge of his or her duties as an employee.
  - c. No employee shall use his or her position to secure special privileges or exemptions for himself or herself or others, except as is allowed by law.
  - d. No employee may be an officer, agent, employee, or member of, or own an interest in a professional activity that foreseeably might require or induce him or her to disclose confidential information acquired by reason of his/her System position.
  - e. No employee shall accept employment or engage in any business or professional activity which foreseeably might require him or her to disclose confidential information acquired by reason of his/her University of Houston System position.
  - f. No employee shall disclose confidential information gained by reason of his or her component university position, nor shall he or she otherwise use such information for his or her personal gain or benefit.
  - g. No employee shall transact any business for the University of Houston System with any entity of which he or she is an officer, agent, employee, or member, or in which he or she has a direct or indirect financial or other interest.

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

- h. No employee shall make personal investments in any enterprise which foreseeably might create a substantial conflict between his or her private interests and the University of Houston System's interests.
  - i. No employee shall accept other employment which might impair his or her independence or judgment in the performance of his or her University of Houston System duties.
  - j. No employee shall receive any compensation for his or her services to the University of Houston System from any source other than the State of Texas except as is allowed by law.
  - k. No employee who exercises discretion in connection with contracts, purchases, payments, claims or other pecuniary transactions shall solicit, accept or agree to accept any benefit from a person or entity the employee knows, or should know, is or is likely to become financially interested in such transactions.
  - l. No employee shall ask the University to accept a gift, grant, donation, or other consideration to be used as a salary supplement without the prior written approval of the recipient's immediate superior, the office of the general counsel and the president, and written authorization of the internal auditor, who shall report the necessary information to the State Auditor.
  - m. No employee shall knowingly solicit, accept, or agree to accept any benefit for having exercised the employee's official powers or performed the employee's official duties in favor of another.
  - n. Each employee who is involved in procurement or in contract management shall disclose to the agency any potential conflict of interest specified by state law or University policy that is known by the employee with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor with the University.
  - o. No employee shall have a direct or indirect financial or other interest, shall engage in a business transaction or professional activity, or shall incur any obligation, that is in substantial conflict with the proper discharge of the employee's duties for the institution.
  - p. No employee shall act as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the institution.
  - q. Each employee shall use the resources of the University only in accordance with University policies and applicable law.
  - r. Any employee who is an officer, agent, employee or member of, or owns a direct or indirect financial or other interest in any entity doing business with any component university of the University of Houston System must disclose such relationship in writing to his or her immediate superior.
- 2.3. Failure of an employee to comply with the foregoing or with applicable law shall constitute grounds for disciplinary action, up to and including termination of employment.

### 3. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice Chancellor for Finance

Review: Every five years on or before August 31

### 4. APPROVAL

Approved:

Jim McShan

# UNIVERSITY OF HOUSTON SYSTEM POLICIES

Interim Vice Chancellor for Administration and Finance  
Renu Khator  
Chancellor  
Date: March 25, 2016

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02.A.29 Ethical Conduct of Employees  
<http://www.uh.edu/af/universityservices/policies/sam/2HumanResources/2A29.pdf>

## UNIVERSITY OF HOUSTON SYSTEM ADMINISTRATIVE MEMORANDUM

SECTION: Human Resources  
AREA: General  
SUBJECT: Ethical Conduct of Employees

NUMBER: 02.A.29

### 1. PURPOSE

- 1.1. New federal and state laws and regulations, together with growing scrutiny of the complex relationships between individuals, public institutions and outside public and private organizations, necessitate the clarification of standards of accountability for public servants. Requirements for ethical behavior are especially important in public institutions of higher education; component university employees are accountable to taxpayers for the use of public funds and also have the responsibility to educate and lead component university students by example.
- 1.2. University of Houston System employees have a responsibility to the public in the performance of their official duties. High institutional and personal standards of conduct must be maintained to fulfill that responsibility. These standards must include avoiding any actions that would create the appearance of violation of laws or ethical principles. This document sets forth a code of accountability for component university employees in the performance of their component university responsibilities; it identifies areas of particular legal and ethical concern and specifies requirements for compliance with state laws, federal guidelines, Board of Regents policies, standards of ethics, and good business practices.

### 2. POLICY

- 2.1. Employees of the System shall avoid using their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business, or other ties. Component university employees shall exercise the utmost good faith in all transactions, activities, and behaviors related to their duties to the System and its property and resources. The principles of good faith and honest dealing apply to all aspects of the employee's responsibilities and activities on the part of the component university, not just those identified in this directive as subject to particular statutes or causes for particular concern.

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

- 2.2. Prior to entering into any consulting, investment, professional or other arrangement that may involve a conflict of interest or commitment, a faculty or exempt employee must submit to the university or department head a complete written disclosure of the pending relationship and any potential conflicts that it may involve. The subsequent arrangements will then be subject to the approval of the appropriate dean, associate vice president, associate vice chancellor, or designee. This provision applies to all regular faculty and exempt staff and to non-exempt staff with procurement or research responsibilities.
- 2.3. On an annual basis, all non-University business activities and arrangements shall be reported to the Chancellor through the Senior Vice Chancellor for Administration and Finance.
- 2.4. Component university employees shall promptly disclose to their supervisor or department head any substantiated information regarding what they believe to constitute a violation of this document or any law or institutional policy.
- 2.5. Failure to comply with the principles outlined in this document shall be considered a breach of the public trust and may subject the employee to disciplinary action up to and including dismissal, as well as to the possibility of criminal action.

### 3. DEFINITIONS

- 3.1. Benefit: Anything an independent third party observer might reasonably regard to provide a monetary gain or advantage. For the purposes of this policy, a benefit would include, but is not limited to, monetary gifts, meals, employment, or other items of significant gain or advantage. When the appropriateness of a benefit is in question, it should not be accepted.
- 3.2. Conflict of commitment: A situation in which an employee's outside activities interfere with the employee's primary commitment of time and intellectual energies to the University, or in which a full-time employee's primary professional loyalty is not to the System. The general permitted limit to external commitments is one day per calendar week, never to conflict with the employee's scheduled classes or other duties and responsibilities.
- 3.3. Conflict of interest: A situation in which there is a divergence between the employee's private interests and the employee's professional obligations to the component university (i.e., the public interest) such that an independent observer might reasonably question whether the employee's actions or decisions are determined by considerations of private gain, financial or otherwise, to the component university's detriment.
- 3.4. Family: Includes a family member related to an employee or official within the second degree by affinity or consanguinity. A family member under this definition includes the following relatives of the employee or official: child, parent, spouse, sister, brother, grandchild, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, stepmother, stepfather, brother-in-law, sister-in-law, spouse's grandparent, spouse's grandchild, grandchild's spouse, or the spouse of a grandparent.
- 3.5. Honoraria: A payment for speech, lecture, or services on which, by custom or agreement, a specific price may not be set. For the purposes of this policy, this definition includes any

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

payment from an outside entity for services such as making a speech, teaching a class or workshop, or providing consulting services.

- 3.6. Relatives: Individual laws prescribe the relationships covered in specific provisions.
- 3.7. System Employee: An employee of the System is an individual who performs services that are subject to the will and control of the component university in terms of what must be done and how it must be done within legal parameters. For purposes of this document, the term "employee" refers to any individual serving in a faculty, research or staff capacity subject to the terms and conditions described above. An employee is paid through the payroll system, with accompanying tax withholding as provided by law.

### 4. PROVISIONS

- 4.1. Acceptance of gifts or other benefits: An employee of the System (or member of the employee's family) may not solicit or accept any gift, favor, privilege, benefit, service, exemption or thing of value that might influence the employee to perform his or her job differently. An employee should assume that anyone having business with the component university as a client, contractor, or vendor is likely to be seen as attempting to curry favor if that person provides any gift or benefit to the employee. More detailed directives related to conflict of interest may be found in Board Policy 57.08 and SAM 02.A.09 - Conflict of Interest.

The only gifts and benefits not subject to this restriction are those conferred on account of kinship or a personal or professional relationship independent of employee's status, non-cash items of less than \$50.00 in value, and those used solely to defray expenses accrued in the performance of official duties that are not reimbursable by the component university.

- 4.2. Bribery: A component university employee commits the criminal offense of bribery if the employee solicits, offers or accepts any benefit in exchange for a decision, opinion, recommendation, vote or other exercise of discretion by the employee.
- 4.3. Business, investments, and professional activity: An employee or the employee's family shall not make personal investments in any enterprise that foreseeably might create a significant conflict between the employee's private interests and the University's interests. An employee shall not transact any business for the University with any entity of which he or she is an owner, officer, agent, employee or member or in which the employee or the employee's family has a financial or other interest or accrues any benefit.
- 4.4. Charitable or professional organizations/pro bono work: Any contribution of time without compensation to charitable or professional organizations or causes that may infringe upon the employee's regular work hours must be disclosed to the employee's department head and must not interfere with the individual's University responsibilities.
- 4.5. Disclosure of confidential information: No component university employee shall disclose confidential information gained by reason of his or her position, nor shall the employee otherwise use such information for personal gain or benefit. Similarly, no employee shall accept other employment or engage in any business or professional activity that foreseeably

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

might require or induce the employee to disclose confidential information acquired through his or her position.

4.6. Dual employment: A System employee may hold another non-elective state or federal office or position of honor, trust, or profit only after being granted prior approval. The Board delegates to the Chancellor or designee the authority to approve such dual office holding by any System employee who is not an officer of the System or its component universities. Officers of the System are defined as executive management employees serving in the following positions: Chancellor, vice chancellor, General Counsel, president, vice president, dean (academic), Chief Audit Executive, and their equivalents (e.g., an administrative head of a recognized department reporting directly to the Chancellor or component university president). Such approval must be based on formal findings that the dual office holding is of benefit to the state or is required by state or federal law and that the situation creates no conflict of interest or commitment.

4.7. Governmental appearances or expert witness service: Component university employees appearing before Congress or the Texas Legislature or their agencies, committees, or members to offer testimony, opinions or commentary in regard to existing or potential laws, rules or regulations, unless expressly authorized to do so by the Board or the Chancellor, must clearly state in advance that they are appearing in their individual capacities and that their testimony, opinions and commentary are not authorized by and must not be construed as reflecting upon the position of the System.

Appearances as an expert witness by any employee of the System shall be subject to the provisions of SAM 02.D.07 - Expert Witness Services.

4.8. Honoraria: By state law, a component university employee may not solicit, agree to accept, or accept an honorarium in consideration for services the employee would not have been asked to provide but for his or her official position; i.e., for providing services on behalf of the component university. This prohibition includes a payment made to a third party if made in exchange of the employee's services. This restriction applies to any fee for any service provided in the employee's official capacity, but does not apply to food, transportation and lodging in connection with the service provided.

4.9. Lobbying by state employees, political campaigns, holding public office, and other political activities: The General Appropriations Act prohibits the use of state funds to influence the outcome of any election or any legislative measure. Likewise, this act restricts the use of any component university funds to hire lobbyists and provides restrictions against offering gifts to legislators and accepting gifts from legislators. Similarly, federal restrictions prohibit the use of federal funds to influence federal legislation. The Vice Chancellor for Governmental Relations shall be responsible for the general coordination of System governmental activities.

No component university employee may use his or her authority, influence, or time during University work hours to affect the result of any election or political campaign or to achieve any other political purpose. Likewise, University funds, equipment, or other resources may not be used to work on a political campaign. Component university employees may run for local elective office and serve as elected public officials so long as campaign activities are

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

not conducted during official component university hours and so long as the office does not involve a political party primary or a party affiliation. The employee must provide prior notification to his or her supervisor of the candidacy and election to office.

- 4.10. Nepotism: Relatives of component university employees may not be employed in positions where the employee has the official authority to hire or recommend or approve the hiring, salary, or promotion of the relative, even if it results from marriage after the employment relationship was formed. The requirements of nepotism statutes may be found in Board Policy 57.07 and SAM 02.A.21 - Nepotism.
- 4.11. Outside consulting or other employment: The System expects employees to accord a full professional commitment to the component university during the terms of their appointments. Interaction between employees and external entities for reasonable periods of time and for personal remuneration may be desirable when the relationship benefits the University, enhances the professional skills of the employee, or constitutes a public service.

However, no employee shall accept consulting or external employment, that might impair his or her independence of judgment in performance of University duties, nor shall an employee receive any compensation from any source other than the State of Texas except as allowed by law. All consulting and other paid professional employment shall comply with Board Policy 57.02 and SAM 02.A.08 - Consulting and Paid Professional Service.

In accordance with Board Policy 57.05, any outside employment of the Chancellor, other officers of the System Administration, or the president or vice presidents of any component university, including serving on the Board of Directors or governing board of any outside organization, shall be approved in advance by the Board.

- 4.12. Reporting of time; maintenance of all records: It is a violation of law to falsify or alter the reporting of time worked, salary records, or any way revise component university documents or records so as to provide an unearned benefit to the employee or another party.
- 4.13. Transfer of research results, materials, products, records: Board Policy 21.08 requires that component university faculty and staff disclose on a timely basis the creation or discovery of all potentially patentable inventions created with University resources. Ownership of these inventions must be assigned to the component university regardless of source of funding.

Component universities must have policies and procedures in place to ensure compliance with all applicable federal guidelines related to funded research, intellectual property, and related conflict of interest regulations.

- 4.14. Travel: Travel undertaken on official System business may be paid or reimbursed from University funds when arrangements comply with applicable SAMs 01.C.05 - Executive Travel, 03.A.03 - Business Travel, and 03.A.04 - University Credit Cards.
- 4.15. Use of component university equipment, facilities, support staff, and other resources: As a state employee, under statute, an employee is required to use component university property for component university purposes only, not for personal or private purposes. In situations where there is no direct cost to the component university, such as use of telephones to make

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

occasional local calls, such use is not considered a misapplication of state property and may be permitted within reason.

Use of component university facilities, space, equipment or support staff for any activity other than the conduct of the employee's job responsibilities is permitted only if an appropriate and equitable financial arrangement has been concluded between the individual and the institution prior to the beginning of the outside activity. Please review SAMs 01.B.06 – Facilities Reservation and Rentals and 03.A.05 – Contract Administration for additional guidance.

- 4.16. Use of System and component university names: The name of the University of Houston System or its component universities may in no case be used for advertising or procurement purposes by any individual or external organization for non-University purposes. Likewise, employees may not represent themselves as acting in the capacity of System or component university employees when conducting consulting or personal activities. The System as well as the component universities bear no responsibility for any actual or implied obligations or liabilities incurred by an individual resulting from a consulting or other paid professional agreement or activity.

### 5. COMPLIANCE

- 5.1. In compliance with Board Policy 57.01, each component university is required to provide a copy of the laws and policies comprising the code of ethics to employees annually and to each new employee at the start of their employment. To acknowledge receipt and understanding of these laws and policies, all employees must annually complete Code of Ethics training.

Each component shall establish procedures related to the ethical conduct of employees that shall include the following compliance actions:

- a. Annual certification by regular faculty, exempt staff, and other key staff involved in procurement or funded research activities to include the following:
- receipt of this document and compliance with its provisions,
  - disclosure of any external consulting, employment, and professional activities – including service on governing boards and ownership in outside enterprises - providing the names of the external employers/organizations involved,
  - disclosure of any actual or potential conflicts of interest related to external employment, acceptance of benefits, or external investments, and
  - any additional information that may be required by federal funding agencies.
- b. A procedure for the timely prior review and approval or disapproval of written disclosures of pending relationships by component university employees entering into any consulting, investment, professional, or other arrangement that may potentially involve a conflict of interest or commitment. Such procedures shall require approval at the vice presidential or vice chancellor level of all such activities and annual reporting to the Chancellor.

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

- 5.2. In addition to these System-wide certifications, the Chancellor and presidents are required to submit an annual financial statement with the Texas Ethics Commission using the forms provided by the commission. Vice presidents, those at the director level or higher positions over procurement and contracting functions, and those others considered by the component to have high-level procurement responsibilities shall file with the chief financial officer of each component university a report disclosing the following information:
- a. The amount of any compensation received for services related to these associations; and
  - b. Known information regarding whether any of the organizations cited have any relationship to the System and a description of the relationship.
- 5.3. Information received during the annual certification shall be compiled and submitted to the Chancellor through the Office of the Senior Vice Chancellor for Administration and Finance prior to the Chancellor's annual report to the Board.

### 6. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice Chancellor for Finance

Review: Every five years on or before March 1

### 7. APPROVAL

Approved: Jim McShan  
Interim Vice Chancellor for Administration and Finance  
Renu Khator  
Chancellor

Date: March 25, 2016

## EXHIBIT A

### Citations and References

#### General

System Board of Regents Policies:  
21.08 Intellectual Property  
57.02 Consulting and Paid Professional Service  
57.04 Dual Office Holding  
57.07 Nepotism  
57.08 Conflicts of Interest  
81.01 Governmental Appearances

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

### System Administrative Memoranda:

- 01.C.05 Executive Travel
- 02.A.08 Consulting and Paid Professional Service
- 02.A.09 Conflict of Interest
- 02.A.21 Nepotism
- 02.D.07 Expert Witness Services
- 03.A.03 Business Travel
- 03.A.04 University Credit Cards

### Texas Revised Civil Statutes: Government Code Chapter 554 - Whistleblower Act

#### By Provision:

- 4.1. Acceptance of gifts or other benefits:
  - 08.A.03 Gift Acceptance – Gifts from Individual Donors
- 4.2. Bribery:
  - 01.C.04 Reporting/Investigating Fraudulent Acts
- 4.3. Business, investments, and professional activity:
  - 02.A.09 Conflict of Interest
  - 03.A.17 Disclosure of Related Party Interests
- 4.4. Charitable or professional organizations/pro bono work:
  - 03.A.17 Disclosure of Related Party Interests
- 4.5. Disclosure of confidential information:
  - 01.D.06 Protection of Confidential Information
  - 02.A.31 Access to and Maintenance of Personnel Files
- 4.6. Dual employment:
  - 02.B.02 Overtime and Compensatory Time
- 4.7. Governmental appearances or expert witness service:
  - 09.A.01 Governmental Relations Communications and Appearances
- 4.8. Honoraria:
  - 02.A.08 Consulting and Paid Professional Service
- 4.9. Lobbying by state employees, political campaigns, holding public office, and other political activities:
  - 02.A.39 Political Aid and Legislative Influence
- 4.10. Nepotism:
  - 02.A.21 Nepotism
- 4.11. Outside consulting or other employment:

## UNIVERSITY OF HOUSTON SYSTEM POLICIES

### 02.A.08 Consulting and Paid Professional Service

#### 4.12. Reporting of time and effort and maintenance of other records:

02.F.03 Employee Time Reporting

#### 4.13. Transfer of research results, materials, products, records:

#### 4.14. Travel:

01.C.05 Executive Travel

03.A.03 Business Travel

03.A.04 University Credit Cards

#### 4.15. Use of University equipment, facilities, support staff, and other resources:

01.B.06 Facilities Reservation and Rental

#### 4.16. Use of University name:

01.D.03 – Trademark Management

01.E.01 – Office of Intellectual Property Management

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# UNIVERSITY OF HOUSTON POLICIES

02.04.07 Ethical Conduct of University Employees  
[<http://www.uh.edu/af/universityservices/policies/mapp/02/020407.pdf>]

## UNIVERSITY OF HOUSTON MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Human Resources

Number: 02.04.07

AREA: Employee Relations

SUBJECT: Ethical Conduct of University Employees

December 15, 1999; Revised April 1, 2016; Last Reviewed September 2, 2019

### I. PURPOSE AND SCOPE

This document outlines the processes prescribed by the university to ensure that employees are informed of their responsibilities for accountability and ethical conduct. It requires that any potential conflict be reviewed and reported in accordance with state and federal laws and regulations and with Board of Regents policies.

### II. DEFINITIONS

- A. Benefit: According to statute, anything reasonably regarded as providing monetary gain or advantage for an employee or an employee's family member. For the purposes of this document, such benefit shall include personal and individual invitations to meals, travel, entertainment, services or items of significant gain or advantage with a value of \$50 or more.
- B. Bribery: A situation in which an employee solicits, offers, or accepts a benefit in exchange for a decision, opinion, recommendation, vote, or other exercise of official discretion.
- C. Conflict of commitment: A situation in which an employee's outside activities interfere with the employee's commitment of time and intellectual energies to the university, or in which a full-time employee's professional loyalty is not to the University of Houston.
- D. Conflict of interest: A situation in which there is a divergence between the employee's private interests and professional obligations to the university (i.e., the public interest), such that an independent observer might reasonably question whether the employee's actions or decisions are determined by considerations of private gain, financial or otherwise, to the university's detriment.
- E. Consulting and outside employment: For the purposes of this document, activities undertaken for remuneration from a third party where the activity is within the scope of activities, functions, or expertise for which the individual is compensated by the University of Houston. This definition does not include unpaid public service or lectures

## UNIVERSITY OF HOUSTON POLICIES

for fees, unless these activities require significant amounts of time or they otherwise adversely affect the employee's performance of university duties.

- F. Honorarium: A payment for speech, lecture, or other services on which, by custom or agreement, a specific price may not be set. For the purposes of this document, this definition includes any payment from an outside entity for services such as making a speech, teaching a class or workshop, or providing consulting services.
- G. Family: Includes a family member related to an employee or official within the second degree by affinity or consanguinity. A family member under this definition includes the following relatives of the employee or official: child, parent, spouse, sister, brother, grandchild, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, stepmother, stepfather, brother-in-law, sister-in-law, spouse's grandparent, spouse's grandchild, grandchild's spouse, or the spouse of a grandparent.
- H. Related-party interest: A business or personal relationship that exists between a university employee and an outside individual or organization that may influence the employee's actions or decisions due to considerations of private benefit - financial or otherwise - and/or may create or be perceived as creating a conflict of interest.

### III. DISTRIBUTION OF POLICIES REGARDING ETHICAL CONDUCT

In accordance with state law or Board of Regents Policy 57.01.3, copies of the laws and Board of Regents Policies listed below are distributed and otherwise made available online upon initial employment (by Human Resources) and annually (by the Board of Regents' office). The system code of ethics includes:

- A. Statutory Standards of Conduct for State Employees, § 572.051, Texas Government Code
- B. Board of Regents Policies:
  - 1. Consulting and Paid Professional Service (57.02)
  - 2. Dual Office Holding (57.04)
  - 3. Nepotism (57.07)
  - 4. Conflicts of Interest (57.08)
  - 5. Academic Freedom (21.03)
  - 6. Governmental Appearances (81.01)
  - 7. Sexual Harassment (29.02)

### IV. TIMELY DISCLOSURE OF POTENTIAL CONFLICT OF INTEREST SITUATION

University employees are required and expected to take the initiative to disclose and request prior approval of their department head before entering into any activity or situation that may involve, or appear to involve, a conflict of interest or other potentially incompatible obligation. Such a relationship includes consulting or other outside employment, a relationship defined as a

## UNIVERSITY OF HOUSTON POLICIES

related-party interest, or any other relationship that results in a gift or other benefits to the employee or the employee's family, or any other conduct prohibited by Board Policy 57.08.

Under the terms of the Board Policy 57.02, exempt staff are required to obtain written approval from their supervisor prior to entering into a consulting/outside employment relationship; faculty are required to notify their department chair and dean prior to entering into such a relationship. Where a question of propriety of the proposed employment or business relationship exists, the department head shall submit the application to the dean (for faculty) or dean or director (for staff). The dean or director may, in turn, consult with the appropriate vice president, Human Resources, or the university Ethics Coordinator, as applicable, prior to resolving the conflict.

### V. ANNUAL CERTIFICATION OF COMPLIANCE AND REPORTING OF OUTSIDE CONSULTING/EMPLOYMENT AND DISCLOSURE OF EXTERNAL RELATIONSHIPS

On an annual basis, consulting and outside employment shall be reported to the Board through the Senior Vice President for Administration and Finance.

Also, on an annual basis, a possible conflict with external business activities and benefits shall be reported to the appropriate vice president.

The Office of the Senior Vice President for Administration and Finance is responsible for coordinating this annual survey during the fall of each year, working with the Office of the Senior Vice President for Academic Affairs and Provost and appropriate vice presidents. On an annual basis, the Office of the Vice President for Research and Technology Transfer will coordinate the annual certification of compliance with the Policy on Conflict of Interest for Research for those staff involved in research or educational activities funded or proposed for funding by an external sponsor.

### VI. GUIDELINES, STANDARDS FOR EVALUATING AND RESOLVING POTENTIAL CONFLICT OF INTEREST SITUATIONS

- A. Ethics violations include, but are not limited to, bribery, the existence of a conflict of commitment or the existence of a conflict of interest. With the exception of certain transportation, lodging and meals, an ethics violation may also include acceptance of honorarium where the employee solicits, accepts or agrees to accept an honorarium in consideration for services that the employee would not have been requested to provide but for the employee's official position. Ethics violations include those activities described in the statute and in the UH board policies listed in Section III above.
- B. Suspected ethics violations are to be reported to the university in one of the following manners:
  1. If the employee wishes to make an anonymous report, he/she may contact the State Auditor's Office (SAO) Hotline at 1-800-TX-AUDIT (1-800-891-8248). Anonymous reports can also be made via the web at Fraud & Non-Compliance Hotline or by calling 1-800-716-9007.

## UNIVERSITY OF HOUSTON POLICIES

2. If the employee does not wish to remain anonymous, the employee should notify his/her supervisor, the Chief Audit Executive, CEO (or designee) and/or an appropriate enforcement authority. If the alleged violator is a senior manager, administrator, or executive, the employee should notify the Chief Audit Executive and/or an appropriate law enforcement authority.
  3. If the employee notifies his/her supervisor (or higher authority), the supervisor (or higher authority) must immediately direct the report to the CEO (or designee), the university Ethics Coordinator, or the Chief Audit Executive.
  4. The reporting employee will refrain from further examination of the incident, confrontation of the alleged violator, or further discussion of the incident with anyone other than the reporting employee's supervisor, the CEO (or designee), the university Ethics Coordinator, or the Chief Audit Executive and/or an appropriate law enforcement authority.
- C. Ethics violations are to be reported by the university office receiving the complaint to the university Ethics Coordinator. The Vice President for Legal Affairs and General Counsel or designee is the university's Ethics Coordinator
- D. The Ethics Coordinator will make a determination as to the severity of the ethics violation and determine the appropriate university administrative unit(s) that may be a part of the investigation. Investigation of an alleged ethics violation may involve the Internal Auditing Department, University of Houston Department of Public Safety (UHDPS), and/or the General Counsel's Office. The employee's supervisor and the appropriate vice president will be notified, where appropriate.
- When a staff employee is involved, the investigation shall involve Human Resources and the appropriate vice president. When a faculty member is involved, the investigation shall include input from the Senior Vice President for Academic Affairs and Provost. When sponsored projects are involved, the investigation shall include the Vice President for Research and Technology Transfer and the Policy on Conflict of Interest in Research will be followed, in addition to University policies.
- E. Confidentiality of the information and employee(s) involved in the investigation will be of utmost importance to ensure proper adjudication of the allegations.
- F. The investigative unit will render its recommendation and/or report to the Ethics Coordinator and the Chief Audit Executive. Recommendations from the investigative report will be reviewed by the Ethics Coordinator and the Chief Audit Executive and the appropriate vice president.
- G. Based upon the findings of the ethics review process, appropriate administrative action will be taken to ensure that the investigated ethics violation is corrected.

## UNIVERSITY OF HOUSTON POLICIES

### VII. PROCESS FOR REQUESTING “ETHICS OPINION” FROM THE ETHICS COORDINATOR AND/OR THE ETHICS REVIEW PANEL

In any case, the responsible manager may contact the university Ethics Coordinator for direction and assistance in resolving a conflict situation.

Upon review, the Ethics Coordinator may confer with the Chief Audit Executive to review the situation and make a recommendation.

### VIII. SANCTIONS FOR CONDUCT NOT MEETING STANDARDS OF ETHICS

Employees who fail to comply with the responsibilities and requirements outlined in this document may be subject to disciplinary action.

If criminal activity is involved, UHDPS will be involved and the employee will be subject to prosecution and criminal charges.

### IX. REVIEW AND RESPONSIBILITY

Responsible Party: Vice President for Legal Affairs and General Counsel

Review: Every three years on or before October 1

### X. APPROVAL

Jim McShan, Interim Vice President for Administration and Finance

Paula Short, Senior Vice President for Academic Affairs and Provost

Renu Khator, President

Date of President’s Approval: October 10, 2017

### XI. REFERENCES

- Texas Government Code § 556.004 – Prohibited Acts of Agencies and Individuals
- Texas Government Code § 572.051 – Standards of Conduct; State Agency Ethics Policy
- Texas Government Code § 2113.014 – Employee Standards of Conduct
- Texas Government Code § 2261.252 – Disclosure of Potential Conflicts of Interest; Certain Contracts Prohibited
- Texas Education Code § 51.923 – Qualifications of Certain Business Entities to Enter into Contracts with An Institution of Higher Education
- Texas Education Code § 51.9337 – Purchasing Authority Conditional; Required Standards
- Texas Penal Code Chapter 36 – Bribery and Corrupt Influence
- Texas Penal Code Chapter 39 – Abuse of Office

## UNIVERSITY OF HOUSTON POLICIES

- UH System Board of Regents Policy 21.03 – Academic Freedom
- UH System Board of Regents Policy 29.02 – Sexual Harassment
- UH System Board of Regents Policy 57.01 – Code of Ethics
- UH System Board of Regents Policy 57.02 – Consulting and Paid Professional Service
- UH System Board of Regents Policy 57.04 – Dual Office Holding
- UH System Board of Regents Policy 57.07 - Nepotism
- UH System Board of Regents Policy 57.08 – Conflicts of Interest
- UH System Board of Regents Policy 81.01 – Governmental Appearances
- SAM 01.C.04 – Reporting/Investigating Fraudulent Acts
- SAM 01.D.08 – Sexual Misconduct Policy
- SAM 01.G.01 – Sponsored Research Activities
- SAM 02.A.04 – Discipline and Dismissal of Regular Staff Employees
- SAM 02.A.08 – Consulting and Paid Professional Service
- SAM 02.A.09 – Conflict of Interest
- SAM 02.A.21 – Nepotism
- SAM 02.A.29 – Ethical Conduct of Employees
- SAM 02.A.39 – Political Aid and Legislative Influence
- SAM 02.D.07 – Expert Witness Services
- SAM 03.A.17 – Disclosure of Related Party Interests
- Texas Ethics Commission Guide to Ethics Laws for State Employees  
(<https://www.ethics.state.tx.us/guides/Go-e.pdf>)

### Addendum A

#### Statutory Standards of Conduct for State Employees Board of Regents 57.08 - Conflicts of Interest (See also § 572.051, Texas Government Code)

All members of the board and employees of the system and its component institutions shall adhere to the Statutory Standards of Conduct for State Employees, Section 572.051, Texas Government Code available online at

<http://www.statutes.legis.state.tx.us/docs/gv/htm/gv.572.htm>. All members of the board and employees of the system and its component institutions shall avoid conflicts of interest, generally described as the use of one's university employment or position to obtain unauthorized privileges, benefits, services or things of value for oneself or others, including the following:

1. No board member or employee shall solicit, engage, or agree to accept any privilege, benefit, service or thing of value for the exercise of his or her discretion, influence, or powers as an employee except as is allowed by law.
2. No board member or employee shall accept any privilege, benefit, service or thing of value that might influence him or her in the discharge of his or her duties as an employee.
3. No board member or employee shall use his or her position to secure special privileges or exemptions for themselves or others, except as is allowed by law.

## UNIVERSITY OF HOUSTON POLICIES

4. No board member or employee may be an officer, agent, employee, or member of, or own an interest in a professional activity that might require or induce them to disclose confidential information acquired by reason of his or her system position.
5. No board member or employee shall accept employment or engage in any business or professional activity that might require or induce them to disclose confidential information acquired by reason of their system position.
6. No board member or employee shall disclose confidential information gained by reason of their system position, or otherwise use such information for personal gain or benefit.
7. No board member or employee shall transact any business for the system with any entity of which they are an officer, agent, employee, or member, or in which they own a significant interest.
8. No board member or employee shall make personal investments in any enterprise that might create a substantial conflict between their private interests and the system's interests.
9. No board member or employee shall accept other employment that might impair their independence of judgment in the performance of their system duties.
10. No board member or employee shall receive any compensation for services from any source other than the State of Texas except as allowed by law.
11. No board member or employee who exercises discretion in connection with contracts, purchases, payments, claims or other pecuniary transactions shall solicit, accept, or agree to accept any benefit from a person or entity the employee knows or should know is or is likely to become financially interested in such transactions.

Failure of any employee to comply with the foregoing shall constitute grounds for discharge or other disciplinary action.

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## BOARD OF REGENTS POLICY 57.08

### 57.08 Conflicts of Interest

All members of the Board and employees of the System and its component Universities shall adhere to and be furnished a copy of the Statutory Standards of Conduct for State Employees, Section 572.051, Texas Government Code, and shall avoid conflicts of interest, generally described as the use of one's University employment or position to obtain unauthorized privileges, benefits, or things of value for oneself or others, including the following:

**57.08.1** No Board member or employee shall solicit, engage, or agree to accept any privilege, benefit or thing of value for the exercise of his/her discretion, influence, or powers as an employee or regent, except as is allowed by law.

**57.08.2** No Board member or employee shall accept any privilege, benefit, or thing of value that might tend to influence him or her in the discharge of his/her duties as an employee or regent.

**57.08.3** No Board member or employee shall use his/her position to secure special privileges

## UNIVERSITY OF HOUSTON POLICIES

or exemptions for himself or herself or others, except as is allowed by law.

**57.08.4** No Board member or employee may be an officer, agent, employee, or member of, or own an interest in a professional activity that foreseeable might require or induce him or her to disclose confidential information acquired by reason of his/her System position.

**57.08.5** No Board member or employee shall accept employment or engage in any business or professional activity that foreseeable might require or induce him or her to disclose confidential information acquired by reason of his/her System position.

**57.08.6** No Board member or employee shall disclose confidential information gained by reason of his/her System position, nor shall he/she otherwise use such information for his/her personal gain or benefit.

**57.08.7** No Board member or employee shall transact any business for the System with any entity of which he/she is an officer, agent, employee, or member, or in which he/she has a direct or indirect financial or other interest.

**57.08.8** No Board member or employee shall make personal investments in any enterprise that foreseeable might create a substantial conflict between his/her private interests and the System's interests.

**57.08.9** No Board member or employee shall accept other employment that might impair his/her independence of judgment in the performance of his/her System duties.

**57.08.10** No Board member or employee shall receive any compensation for his/her services to the System from any source other than the State of Texas except as is allowed by law.

**57.08.11** No Board member or employee who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions shall solicit, accept, or agree to accept any benefit from a person or entity the employee knows or should know is or is likely to become financially interested in such transactions..

**57.08.12** The University shall not accept a gift, grant, donation, or other consideration to be used as a salary supplement without the prior written approval of the recipient's immediate superior, the office of general counsel and the president, and written authorization of the internal auditor, who shall report the necessary information to the State Auditor.

**57.08.13** No Board member or employee shall knowingly solicit, accept, or agree to accept any benefit for having exercised the officer's or employee's official powers or performed the officer's or employee's official duties in favor of another.

**57.08.14** Each Board member or employee who is involved in procurement or in contract management shall disclose to the agency any potential conflict of interest specified by state law or University policy that is known by the Board member or employee with respect to any

## UNIVERSITY OF HOUSTON POLICIES

contract with a private vendor or bid for the purchase of goods or services from a private vendor with the University.

**57.08.15** No employee shall have a direct or indirect financial or other interest, shall engage in a business transaction or professional activity, or shall incur any obligation, that is in substantial conflict with the proper discharge of the employee's duties for the institution.

**57.08.16** No Board member or employee shall act as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the institution.

**57.08.17** The resources of the University shall be used only in accordance with University policies and applicable law.

Failure of any employee to comply with the foregoing shall constitute grounds for discharge or other disciplinary action. (Updated 11/19/2015) (Policy last updated 08/24/17)

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### UNIVERSITY OF HOUSTON RESEARCH POLICY ON CONFLICT OF INTEREST IN RESEARCH

*"The cornerstone for managing conflicts of interest is transparency, and that begins with the Investigator's disclosure of Significant Financial Interests to the Institution." (CITI)*

#### I. INTRODUCTION

The University of Houston is committed to maintaining a research environment that promotes attention to the highest ethical standards for research. This commitment includes compliance with regulatory requirements set forth by the Public Health Service (PHS),<sup>1,2</sup> the National Science Foundation (NSF), and other regulatory and ethical bodies. It is the responsibility of the University to promote objectivity in research through the establishment of a Conflict of Interest Policy.

A conflict of interest might take various forms, but includes any circumstance where personal, professional, financial, or other private interests of a person or institution compromise or have the potential to compromise the exercise of professional judgment or obligations, or may be

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<sup>1</sup> **Agencies within the Public Health Service:** Administration for Children and Families (ACF), Administration for Community Living/Administration on Aging, Agency for Health Care Research & Quality (AHRQ), Agency for Toxic Substances and Disease Registry (ATSDR), Centers for Disease Control & Prevention (CDC), Food and Drug Administration (FDA), Health Resources and Services Administration (HRSA), Indian Health Service (HIS), National Institutes of Health (NIH), Substance Abuse and Mental Health Services Administration (SAMHSA), Office of Global Affairs, Office of the Assistant Secretary for Health (OASH), Office of the Assistant Secretary for Preparedness and Response (ASPR)

<sup>2</sup> Many non-Public Health Service Agencies are now requiring compliance with Public Health Service Conflict of Interest Standards and Thresholds; for example: Alliance for Lupus Research (ALS), American Asthma Foundation (AAF), American Cancer Society (ACS), American Heart Association (AHA), American Lung Association (ALA), Arthritis Foundation (AF), Juvenile Diabetes Research Foundation International (JDRF), Lupus Foundation of America (LFA), Susan G. Komen Breast Cancer Foundation. **These are updated continuously.**

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perceived as doing so. It is important to note that a conflict of interest depends on the situation and how it can be perceived, not necessarily on the character or the actions of the individual.

Conflicts of interest can arise from the fact that a mission of the University is to promote public good by fostering the transfer of knowledge gained through University research and scholarship to the private sector. Two important means of accomplishing this mission include consulting and the commercialization of technologies derived from University research. It is appropriate that individuals be rewarded for their participation in these activities through consulting fees, sharing in royalties arising from the commercialization of their work, ownership and/or other associations with start-up companies. It is wrong, however, for an individual's actions or decisions, made in the course of his or her University activities, to be guided by considerations of personal financial gain. Such behavior calls into question the professional objectivity and ethics of the individual and reflects negatively on both the Institution and the external sponsor of the research activity. Members of the academic community should conduct their affairs so as to avoid or minimize conflicts of interest, and must respond appropriately when apparent conflicts of interest arise.

The purpose of this policy is to educate individuals about situations that generate research-related financial conflicts of interest, and to provide means for faculty, staff, students, and the University to identify, manage, reduce, and/or eliminate actual or potential conflicts of interest. Every member of the academic community has an obligation to become familiar with, and abide by, the provisions of this policy.

## II. KEY DEFINITIONS

- **Investigator** – This policy applies to all individuals who meet the definition of Investigator. Specifically:

*The project director or principal Investigator, and any other persons, regardless of title or position, who are responsible for the design, conduct, or reporting of research or educational activities funded<sup>3</sup> or proposed for funding. In addition, any research team member who indicates a financial interest related to the submission of a human or animal research protocol will be asked to complete a certification.*

This policy, therefore, can apply to collaborators, consultants, post-doctoral fellows, graduate students, and others who meet the threshold for responsibility.

At a minimum, all individuals listed as an investigator or key personnel on a research project must file a certification. It is the responsibility of the Principal Investigator (PI) to determine if other research team members meet this threshold based on their role in the research. See Compliance Guidance [here](#).

- **Research** - An activity is considered research if it meets the definition of research provided by the agency funding the project, or any agencies that oversee the project.<sup>4</sup> If unfunded or not otherwise defined, the following definitions apply:

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<sup>3</sup> For the purpose of this policy, any *gifts* to a college or department with the intent of funding a research project are treated as a research award.

<sup>4</sup> For example, the U.S. Food and Drug Administration (FDA), in cases of clinical investigations under 21 CFR 46.102 (c)

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- A systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge. Activities which meet this definition constitute research for purposes of this policy, whether or not they are conducted or supported under a program which is considered research for other purposes.<sup>5</sup>
- Systematic study directed toward fuller scientific knowledge or understanding of the subject studied. Research is classified as either basic or applied according to the objectives of the sponsoring agency<sup>6</sup>
- **Certification/Disclosure Process** – All individuals who meet the definition of Investigator as defined above must provide certification of their knowledge of and compliance with this policy on an annual basis. The certification process involves either a certification that no significant financial interests exist, or the disclosure of existing significant financial interests to the Institution. In addition to the annual requirement, the acquisition or discovery of new financial interests requires disclosure within 30 days. All disclosures are reviewed by the University of Houston's Conflict of Interest Committee (COIC).
- **Significant Financial Interest (SFI)** – Anything of monetary value, whether the value is readily ascertainable, that 1) is related to the Investigator's professional responsibilities on behalf of the Institution; and 2) belongs to the Investigator or the Investigator's spouse or dependent children. Additional details regarding what constitutes a Significant Financial Interest are specified in Section III.
- **Financial Conflict of Interest (FCOI)** – A significant financial interest that could directly and significantly affect the design, conduct, or reporting of research.<sup>7</sup> Similarly, if a significant financial interest could reasonably appear to be affected by the research,<sup>8</sup> or the interest is in entities whose financial interests would reasonably appear to be affected by the research,<sup>3,9</sup> review and elimination or management of the conflict is required.
- **Institutional Responsibilities** – Investigators' professional responsibilities on behalf of the Institution including, but not limited to, activities such as research, research consultation, teaching, professional practice, Institutional committee memberships, and service on panels such as Institutional Review Boards and Data Safety Monitoring Boards. All duties referred to in the University of Houston Faculty Handbook are considered Institutional Responsibilities.
- **Designated Official** – the individual at the Institution responsible for the solicitation and review of disclosures of significant financial interests from each Investigator who is participating in, or is planning on participating in, research. The Designated Official for the University of Houston is the Vice Chancellor/Vice President for Research and Technology Transfer.

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<sup>5</sup> 45 CFR 46.102(d): For example, some demonstration and service programs may include research activities.

<sup>6</sup> <https://www.nsf.gov/statistics/fedfunds/glossary/def.htm>

<sup>7</sup> PHS definition

<sup>8</sup> Also applies to NSF-funded educational activities [NSF Grant Policy Manual, Chapter V, 510]

<sup>9</sup> NSF definition, also applies to NSF-funded educational activities

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### III. CERTIFICATION OF COMPLIANCE

All individuals meeting the definition of Investigator as defined in this policy must certify their knowledge of and compliance with this policy by completing a Conflict of Interest Certification at least annually. Certifications and associated disclosures must also be actively updated:

- At the time of submission for new funding
- If unrelated to proposals for funding, at the time of submission of human or animal protocols if financial relationships related to the research exist
- Within 30 days of discovering or acquiring (e.g., through purchase, marriage, or inheritance) a new significant financial interest.

All significant financial interests held by investigators and their immediate family members<sup>10</sup> must be disclosed. A **Significant Financial Interest (SFI)** is a financial interest that falls into one of the following categories and is reasonably related to any of an investigator's institutional duties:

- Remuneration in excess of \$5,000 from a publicly-traded entity<sup>11</sup> during the preceding 12 months. For purposes of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship);
- Equity interest (stock, stock options, or other ownership interest) in a publicly traded company valued in excess of \$5,000 at the time of certification;
- Any combination of the above two items (equity and income) that exceeds \$5,000 during the preceding 12 months;
- Any amount of equity (stock, stock options, or other ownership interest) in a non-publicly traded entity, including a start-up company;
- Remuneration that exceeds \$5,000 from a non-publicly traded entity in the past 12 months, or
- Intellectual property rights and interests (e.g. patents and copyrights), upon receipt of such income related to such rights and interests Income related to intellectual property rights in excess of \$5,000 paid by any source other than the Investigator's current Institution<sup>12</sup>.

*All disclosed significant financial interests that have a potential relationship to the discloser's engagement in research on behalf of the University of Houston are reviewed by the Conflict of Interest Committee (COIC) to determine if these interests conflict, or appear to conflict, with the research.*

**The following DO NOT require disclosure:**

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<sup>10</sup> Spouse and dependent children

<sup>11</sup> A company whose stock is available for purchase by the general public

<sup>12</sup> Unlicensed intellectual property that does not generate income is also excluded from the definition of Significant Financial Interest. Nonetheless, such interests have the potential to become significant and generate income, at which point they would become subject to the regulation

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- Salary royalties, or other remuneration paid by the Institution to the Investigator if the Investigator is currently employed or otherwise appointed by the Institution,
- Income from seminars, lectures, or teaching engagements sponsored by a federal, state or local government agency, or an Institution of higher education within the United States <sup>13</sup> as defined at 20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education,
- Income from investment vehicles, such as mutual funds and retirement accounts, as long as the Investigator does not directly control the investment decisions made in these vehicles;
- Income from service on advisory committees or review panels for a federal, state or local government agency, or Institution of higher education within the United States <sup>14</sup> as defined at 20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education, or
- Intellectual Property Rights assigned to the Institution and agreements to share in royalties related to such rights

**A disclosure MUST include:**

- The investigator's current or pending relationship with the outside enterprise or entity in which a significant financial interest exists;
- The relationship of the research <sup>15</sup> to the enterprise or entity,
- The means by which the investigator proposes to address actual or potential conflicts of interest that arise from his/her (or immediate family members) dual University and enterprise or entity roles, and
- The dollar amount of the financial interest in specified ranges.

Common sense must prevail in the interpretation of these provisions. That is, if a reasonable, disinterested person would question the relationship, it should be disclosed and approval sought for the proposed arrangement.

All investigator certifications and associated disclosures are submitted through and maintained within the university's Integrated Compliance Online Network (ICON).

Certifications *with disclosures meeting threshold* require additional online acknowledgment as follows:

Primary Appointment	Required Signatory if Significant Financial Interest is Disclosed
Tenure track academic faculty appointments	Department Chair

<sup>13</sup> Investigators, including subrecipient Investigators, must disclose all financial interests received from a foreign Institution of higher education or the government of another country (which includes local, provincial, or equivalent governments of another country as detailed here: <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-18-160.html>)

<sup>14</sup> Investigators, including subrecipient Investigators, must disclose all financial interests received from a foreign Institution of higher education or the government of another country (which includes local, provincial, or equivalent governments of another country as detailed here: <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-18-160.html>)

<sup>15</sup> or NSF-funded educational activity

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Non-tenure track research faculty appointments	Department Chair
Staff & students employed by an academic department or college	Department Chair
Staff & students employed by a Division of Research Center	Department Chair
Tenure track academic faculty appointments affiliated with a Division of Research Center	Department Chair
Non-tenure track research faculty appointments with a Division of Research Center	Center Director
Department Chair	College Dean
Division of Research Center Directors	Department Chair
College Dean	Provost
Provost, VP for Research	President Department Chair (if applicable)
President	Board of Regents
Exceptions: - College of Social Work - College of Architecture - College of Law - College of Hotel/Restaurant Mgmt - College of Optometry - College of Nursing - Academic Affairs (without department/college affiliation) - College of Business (Small Business Development Center only)	Assoc. Dean for Research Assoc. Dean for Research Assoc. Dean for Research Assoc. Dean for Research Assoc. Dean for Research Assoc. Dean Provost Sr. Assoc. Dean for Faculty

Those faculty appointments with dual assignments require review by their primary appointment and are the responsibility of that college/department. Updated for clarification re: responsibility for review/management for faculty with dual appointment (10/2018)

Those required to acknowledge the Disclosure are encouraged to provide input with regard to additional factual information, concerns, or any conditions or restrictions that might be imposed by the Institution to manage, reduce, or eliminate such conflict of interest. This information will be made available to the COIC for consideration. The Division of Research reserves the discretion to add additional acknowledgers as deemed appropriate.

### TRAVEL

With some exceptions, PHS-funded investigators must disclose reimbursed or sponsored travel paid for by a third-party entity, including non-profit organizations. Disclosure is *not* required for travel sponsored by or reimbursed by a government agency, a U.S. Institution of higher education or a research institute affiliated with such, a U.S. medical center, or a U.S. academic

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teaching hospital. When a travel request submitted through Concur indicates that an employee's travel is sponsored or reimbursed by a third party and the traveler is listed on a PHS award, the Conflict of Interest (COI) office in the Division of Research will receive an automated notification to review the Travel Request. *This does not slow down the approval process as the COI office is not involved in approving the Travel Request.* The COI Office will notify the traveler if further disclosure of the travel and reimbursement information is required.

Travel disclosures must include, at a minimum: the purpose of the trip, the identity of the sponsor/organizer, the destination, and the duration. The COIC will determine if further information is required, including a determination or disclosure of monetary value, in order to determine whether the travel constitutes an FCOI with PHS-funded research.

### PROCUREMENT

In accordance with Texas Government Code 2261.252 and University policy, all institutional employees who are involved in procurement or contract management must disclose if they plan to purchase, or recommend or approve the purchase of, goods or services for the University of Houston from an entity with which they or a family member have a direct or indirect financial or other interest.<sup>16</sup> In cases where a financial interest disclosed to the COIC may lead to the procurement of goods or services for the university (including university research), the University of Houston Division of Administration and Finance will be notified and the disclosure will be forwarded for their review; this review may result in additional management requirements. For questions regarding Texas Government Code 2261.252, please contact the Division of Administration and Finance.

#### IV. DISCLOSURE REVIEW PROCESS

All disclosures indicating a significant financial interest will be reviewed by the University of Houston's Conflict of Interest Committee, who shall advise the Vice Chancellor/Vice President for Research and Technology Transfer. This review will take into consideration any comments or concerns provided by the signatory.

An actual or potential conflict of interest exists when the Committee reasonably determines that the significant financial interest could directly and significantly affect the design, conduct, or reporting of research<sup>17</sup> conducted on behalf of the University of Houston. Additional information may be required by the Committee to make this determination.

The policy does not apply to **Phase I** Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) applications/awards. However as the policy does apply to **Phase II** SBIR/STTR applications and awards, it is highly recommended that such interests are discussed with the COI office as a best practice, to ensure minimal delays in progressing to Phase II awards and beyond.

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<sup>16</sup> Family members include the following relatives of the employee: child, parent, spouse, sister, brother, grandchild, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, stepmother, stepfather, brother-in-law, sister-in-law, spouse's grandparent, spouse's grandchild, grandchild's spouse, or the spouse of a grandparent.

<sup>17</sup> or NSF-funded educational activities

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### MANAGEMENT PLANS

If it is determined that a conflict exists, a final written agreement to manage the conflict is established by the COIC<sup>18</sup>. The investigator is required to accept the plan within the ICON system. A specific individual<sup>19</sup> is assigned to monitor adherence to this plan and report to the COIC on a routine basis until the conflict is established within ICON to no longer exist.

Examples of conditions or restrictions that might be imposed to manage, reduce, or eliminate actual or potential conflicts of interest can include, but are not limited to:

- Public disclosure of the conflict in publications and presentations
- Disclosure to human subjects participating in the research<sup>20</sup>
- Disclosure to other research team members
- Appointment of an independent third party to monitor the research
- Modification of the research plan, with approval by the sponsor
- Change of personnel or personnel roles so that the individual in conflict does not participate in the part of the research that could be affected
- Reducing or eliminating the financial interest (e.g., sale of an equity interest)
- Severance of relationships that create financial conflicts

The institution may also request active monitoring of relationships that are determined not to represent direct and significant conflicts of interest if there is a reasonable potential for a conflict to develop in the future, based on the direction of the research and/or the relationship with the financial interest.

**Departments, Colleges, and Center Directors are responsible for ensuring that required management plans are carried out and monitored until the completion of the research.** All parties responsible for ensuring compliance with the management plan, including the monitor, will receive notification of the plan as follows:

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<sup>18</sup> As delegated by the Institutional Official

<sup>19</sup> The assigned monitor is, by default, the signatory on the disclosure unless otherwise delegated.

<sup>20</sup> The U.S. Food and Drug Administration (FDA), in 21 CFR 54, sets forth additional regulatory requirements for financial disclosures by clinical investigators. If a University of Houston investigator holds the IND or IDE for FDA-regulated research, they are considered sponsor-investigators and are responsible for collecting and maintaining financial disclosures and related management plans. Please contact the COIC at [COI@Central.uh.edu](mailto:COI@Central.uh.edu) if you are a sponsor-investigator.

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<b>Position</b>	<b>Parties Copied on Management Plan (in addition to the Signatory, plan monitor, and VP for Research/Tech Transfer)</b>
Tenure track academic faculty appointments	College Dean
Non-tenure track research faculty appointments	College Dean
Staff & students employed by an academic department or college	College Dean
Staff & students employed by a Division of Research (DOR) Center	Center Director
Tenure track academic faculty appointments affiliated with a DOR Center	College Dean
Non-tenure track research faculty appointments with a DOR Center	N/A
Department Chair	Provost
Division of Research Center Directors	N/A
College Dean	N/A
Provost, VP for Research	College Dean (if applicable)
President	N/A
<b>Exceptions:</b> - College of Social Work - College of Architecture - College of Law - College of Hotel/Restaurant Mgmt - College of Optometry - College of Nursing - Academic Affairs (without department/college affiliation) - College of Business (Small Business Development Center only)	College Dean College Dean College Dean College Dean College Dean College Dean College Dean  College Dean

Should an investigator wish to appeal a decision made by the COIC, he or she may present the appeal in writing to the Committee through the following email address: [coi@central.uh.edu](mailto:coi@central.uh.edu). The Institutional Official will be made aware of all appeals.

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### V. TRAINING

All individuals meeting the definition of Investigator in Section II must take an Institutionally-recognized FCOI training course before utilizing research funds and at least once every four years<sup>21</sup>. The University of Houston recognizes the FCOI modules 1 and 2 provided through the Collaborative Institutional Training Initiative (CITI), of which UH is a member. Additional training may be required more often under certain circumstances (e.g., failure to disclose significant financial interests, noncompliance with approved management plan).

### VI. RESPONSIBILITIES

#### A. Institution

##### 1. Designated Official (DO)

The University of Houston Designated Official, for purposes of this policy, is the Vice Chancellor/Vice President for Research and Technology Transfer. The Designated Official is responsible for the solicitation and review of disclosures of significant financial interests from each Investigator at the Institution. The DO has delegated the solicitation/review responsibility to the University of Houston's Conflict of Interest Committee (COIC). The DO is provided all plans for the management of financial conflicts of interest, and works closely with the Committee to provide input as necessary.

##### 2. The Conflict of Interest Committee (COIC)

The University of Houston's Conflict of Interest Committee reports to the Vice Chancellor/Vice President for Research and Technology Transfer. The COIC is comprised of a minimum of 5 COIC members, which includes a Chairperson. As necessary, ex-officio members<sup>22</sup> (including regular ex-officio representation from UH General Counsel) and a non-affiliated member<sup>23</sup> may be included. Members will be chosen to best represent the expertise and interests of the research being conducted at the University of Houston. COIC members will meet on a monthly basis as needed to review the disclosures and annual certifications that have been submitted through the ICON system to the Division of Research.

The COIC will determine<sup>24</sup> whether an Investigator's submitted SFI could directly and significantly affect the research or is in an entity whose financial interest could be affected by the research. If it is determined that either of these conditions is valid, a Financial Conflict of Interest exists. In the case of a Financial Conflict of Interest and prior to the expenditure of any research funds, the COIC will work with the Investigator, Chair, Dean, and DO to develop a plan to manage or eliminate the conflict, and to ensure to the extent possible that the research is free of bias.

COIC members will serve for a term of three years, at which time membership services and representation of the University's research interests will be reviewed. Members can serve consecutive terms with the concurrence of the DO. The COIC Chair and/or DO

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<sup>21</sup> Once the initial training has been completed, CITI offers a refresher course for every subsequent 4 years.

<sup>22</sup> Ex-Officio (non-voting) member: An ex-officio member will be chosen to provide additional information and assistance relevant to the COIC dealings, but will not be a voting member.

<sup>23</sup> Non-Affiliated Member: A non-affiliated member with no direct family or University ties.

<sup>24</sup> Within 60 days for PHS-funded research.

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reserves the right to replace any committee member for non-performance or reasons related to ethical concerns.

### 3. Additional Division of Research (DOR) Responsibilities

- Maintenance of an up-to-date, written, enforced policy on research FCOI, made available through the publicly accessible University of Houston Division of Research website.
- Notification to Investigators of new regulations and revised Institutional policy/Investigator responsibilities.
- Reporting all required information regarding Financial Conflicts of Interest to federal sponsors.
- Making information regarding FCOIs of senior/key personnel on PHS funded projects publicly available.
- Maintenance/retention of all required FCOI records per funding agency requirements.

### **B. Investigator**

- Being familiar with and abiding by federal regulations and UH Policy regarding FCOI.
- Ensuring that FCOI training is complete prior to utilizing research funds and at least once every four years, as outlined in section V.
- Filing an FCOI Certification and disclosure (if appropriate) to the Institution annually and within 30 days of discovering or acquiring a new significant financial interest.
- Confirming agreement to and complying with any management plan issued by the Institution; retaining documentation that demonstrates compliance with the management plan, such as but not limited to: notices to journal editors or conference audiences, consent forms from human subjects research, and notices to laboratory personnel.

### **C. Colleges, Departments, and Center Directors**

- Colleges, Departments, and Center Directors are responsible for ensuring that investigators submit annual certifications and disclosures.
- Ensuring that the assigned plan monitor adheres to the monitor reporting timeline as determined by the COIC.
- As indicated in Section III, signatories are encouraged to provide input with regard to additional factual information, concerns, or any conditions or restrictions that might be imposed by the Institution to manage, reduce, or eliminate such conflict of interest. Acknowledgers will also be actively involved in the final monitoring of plans to manage or eliminate conflicts.
- **Departments, Colleges, and Center Directors are responsible for ensuring that required management plans are carried out and monitored until the completion of the research.**

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### VII. AWARDEES AND SUBRECIPIENTS

When the University of Houston is the primary awardee of a collaborative PHS- or NSF-funded project, it must assure that the financial interests of all subrecipients are reviewed and eliminated or managed properly. During the proposal stage and during the negotiation of a subaward, all subrecipients/potential subrecipients of PHS funding will be required to certify the following in writing via a Letter of Compliance:

- The subrecipient Institution has a policy in place to review and manage Significant Financial Conflicts of Interest that meets regulatory requirements.
- The subrecipient's policy applies to the subawarded portion of the research project, and
- The subrecipient must agree that the identification of and management plan of any FCOI identified will be submitted to the awardee Institution for required reporting purposes.

If the subawardee Institution does not have a compliant FCOI program in place, the agreement must indicate that the subrecipient will follow UH FCOI policy, including the pre-award and annual submission of a Certification (and disclosure, if applicable) to the UH COIC **within 30 days of the submission of the proposal**.

### VIII. REPORTING

The Division of Research is responsible for reporting Financial Conflicts of Interest to funding agencies, as applicable:

#### **Public Health Service (PHS)-Funded Projects**

##### **Initial Report**

- Prior to the expenditure of funds under a PHS-funded research project, the University of Houston must report any Investigator Significant Financial Interests that are determined by the COIC, or a subrecipient Institution, to constitute a Financial Conflict of Interest.

##### **Interim Reports**

- The Institution must submit an FCOI report within sixty (60) days after its determination that an FCOI exists for an Investigator who is newly participating in the project or for an existing Investigator who discloses a new Significant Financial Interest to the Institution during the period of award.
- A FCOI report is required in cases of noncompliance (when an Investigator does not disclose a previously existing Significant Financial Interest in a timely fashion or the Institution fails to review a previously existing Significant Financial Interest during an ongoing NIH-funded project).

##### **Annual Reports**

- For any Financial Conflict of Interest previously reported by the Institution, the Institution shall provide an annual FCOI report that addresses the status of the financial interest and any

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changes to the management plan. Annual FCOI reports must specify whether the Financial Conflict of Interest is still being managed or explain why the Financial Conflict of Interest no longer exists. Annual FCOI reports must be submitted to the NIH for the duration of the project period (including extensions with or without funds) at the same time the Institution is required to submit the annual progress report, but through an alternative mechanism.

### **National Science Foundation (NSF)-Funded Projects**

The University of Houston must notify NSF's Office of the General Counsel if it determines that it is unable to manage a Conflict of Interest related to an NSF-funded project satisfactorily. If the University of Houston determines a financial conflict with NSF research to be unmanageable (i.e. imposing conditions or restrictions would be either ineffective or inequitable, and the potential negative impacts that may arise from a significant financial interest are outweighed by the interests of scientific progress, technology transfer, or the public health and welfare), the NSF Office of the General Counsel will be notified electronically. UH and awardees will cooperate with the OGC's review of the institutional conflict of interest policy, actions taken by the institution with respect to the unmanageable conflict, and NSF requests for confirmation that proposed actions have been accomplished.

### **Other Funding Agencies**

The University of Houston will make other required FCOI reports based on applicable funding agency requirements.

## **IX. FCOI RECORD RETENTION**

The Division of Research is responsible for the maintenance and retention of all financial disclosure documentation and of all actions taken to resolve conflicts of interest for at least three years beyond the date of submission of the final expenditures report of the grant to which they relate, or until the resolution of any funding agency action involving those records, whichever is longer. Additional retention might be required under 45 CFR 74.53(b) and 92.42 (b) for different situations.

## **X. NONCOMPLIANCE**

**Failure of any investigator to comply with this policy shall constitute grounds for disciplinary action.** Disciplinary action is based upon a reasonable investigation of the noncompliance and is consistent with the severity of the violation. A range of examples includes, but is not limited to, the requirement for additional training/monitoring for minor violations up to the imposition of restrictions on an academic staff member's participation in sponsored research for severe or continuing violations.

### **Additional PHS Requirements**

- If an investigator fails to disclose a SFI in a timely manner or if for any reason the Institution fails to review a SFI, the Institution must, within 60 days, determine whether the SFI is related to the research, and whether it rises to the level of a FCOI. If found to be an FCOI, a management plan, even if interim, must be implemented. A FCOI report must be made to PHS at this time.

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- In addition, where it is discovered that an the University of Houston has failed to manage a FCOI or where a researcher has failed to comply with a management plan, the Institution must, within 120 days, complete a retrospective review of research to determine whether the research conducted during the period of noncompliance was biased in the design, conduct, or reporting of the research. If bias is identified, a mitigation report must be developed that outlines a plan of action to eliminate or mitigate the effect of the bias. The results of that determination and the mitigation report must be submitted to PHS.

### **XI. PUBLIC ACCESSIBILITY**

The Institution is required to make its policy on Financial Conflict of Interest publicly accessible via its website. In addition, responses to public information requests for information concerning Significant Financial Interests must be disclosed within five business days in writing. Disclosures must meet the following criteria:

- The significant financial interest was disclosed and is still held by the senior/key personnel as related to the PHS-funded project,
- The Institution determines that the Significant Financial Interest is related to the PHS-funded research, and
- The Institution determines that the Significant Financial Interest is a Financial Conflict of Interest.

The information that must be disclosed includes the following:

- Investigator's name;
- Investigator's title and role with respect to the research project;
- Name of the entity in which the Significant Financial Interest is held;
- Nature of the Significant Financial Interest; and
- Approximate dollar value of the Significant Financial Interest (dollar ranges are permissible: \$0-\$4,999; \$5,000-\$9,999; \$10,000-\$19,999; amounts between \$20,000-\$100,000 by increments of \$20,000; amounts above \$100,000 in increments of \$50,000) or a statement that the interest is one for which the value cannot be readily determined through reference to public prices or other reasonable measures of fair market value.

Written Requests for information may be made through:

- UH's public-facing Conflict of Interest website:  
<http://www.uh.edu/research/compliance/coi/contact-us/>
- Via email at [coi@central.uh.edu](mailto:coi@central.uh.edu).

### **XII. RELATED RESOURCES**

Department of Health and Human Services Code of Federal Regulations:

42 CFR Part 50; 45 CFR Part 94

21 CFR Part 54

Conflict of Interest FAQs

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National Science Foundation Award and Administration Guide. Chapter IV  
University of Houston Manual of Administrative Policies and Procedures (MAPP 08.01.01)  
University of Houston System Administrative Memorandum (SAM 01.G.01)  
UH Division of Administration and Finance Travel Request  
UH Faculty Handbook

**Effective Date: August 24, 2012**

**Revisions: 07/2013**

**05/2014**

**12/2014**

**01/2016**

**04/2016**

**05/2018**

**07/2018**

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

05.C.07 Code of Conduct – Procurement Responsibilities  
<https://www.uhd.edu/administration/employment-services-operations/resources/Documents/PS05C07.pdf>

Memo to: UH-Downtown/PS Holders

UH-Downtown/PS 05.C.07

From: William Flores, President

Issue No. 3

Effective date: 09/16/2014

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Subject: Code of Conduct – Procurement Responsibilities

### 1. PURPOSE

University of Houston-Downtown (UHD) employees have a responsibility to the public to maintain high institutional and personal standards in the performance of their official duties. This document defines the standards of conduct that must be met by all university employees engaged in any activity related to purchasing or contracting for goods or services for the university regardless of the funding source. This document complies with state and federal laws, standards of ethics, and good business practices.

### 2. DEFINITIONS

- 2.1 Benefit: Anything reasonably regarded as providing monetary gain or advantage. For the purposes of this policy, such benefit shall include personal and individual invitations to meals or items of significant gain or advantage with a value of \$50.00 or more.
- 2.2 Conflict of Interest: A situation in which there is a divergence between the employee's private interests and the employee's professional obligations to the university (i.e., the public interest) such that an independent observer might reasonably question whether the employee's actions or decisions are determined by considerations of private gain, financial or otherwise, to the university's detriment. Such a situation may result from consulting or other outside paid professional service, a relationship defined as a related-party interest, or any other relationship that results in a gift or other benefits to the employee.
- 2.3 Related Party Interest: A business or personal relationship that exists between a component university employee and an outside individual or organization that may influence the employee's actions or decisions due to considerations of private benefit - financial or otherwise - and/or may create or be perceived as creating a conflict of interest.

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

- 2.4 Immediate Family: Includes spouse and dependent children. Dependent children, for the purposes of this policy, include adopted, step, and foster children as well as natural sons and daughters.
- 2.5 Procurement or Purchasing Activities include:
- 2.5.1 Approval, disapproval, or recommendations concerning a procurement transaction
  - 2.5.2 Preparation of any part of procurement actions
  - 2.5.3 Influencing the content of any specification or procurement standard
  - 2.5.4 Acting in any advisory capacity, including rendering of advice, investigation, or auditing in any procurement activity
- 2.6 Regular Employee: A university employee who is employed at least 20 hours per week on a regular basis for a period of at least 4-1/2 months, excluding students employed in a position for which student status is a condition of employment.
- 2.7 Department Head: In case of a principal investigator, his/her academic department head. In the case of a staff employee, it is the employee's immediate supervisor.
- 2.8 Consulting and Other Outside Employment Relationship: Activities undertaken for remuneration from a third party within the scope of activities, functions, or expertise for which the individual is compensated by the University of Houston-Downtown.

### 3. POLICY

- 3.1 This policy applies to all procurement activities by all university employees and in particular to regular faculty, exempt staff, and non-exempt staff who have certifying signature authority. These directives apply to procurement actions from all sources of funds.
- 3.2 UHD employees shall not participate in the selection of a vendor or the award or administration of any contract or purchase if a real or apparent conflict of interest would be involved. A conflict would exist if the employee or any member of his or her immediate family had a financial or other interest in a firm otherwise eligible for the procurement action and that interest would result in personal benefit to the employee or family member.
- 3.3 University employees shall neither solicit, demand, nor accept any gift, favor, privilege, benefit, service, exemption, special discount, trip, employment, loan, gratuity, economic opportunity, or thing of value from any vendor, contractor, or party to a sub agreement that would result in personal benefit and/or that could

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influence the employee's official conduct. In cases where the appropriateness of the benefit may be in question, the benefit should not be accepted.

- 3.4 Any attempt to realize personal gain through conduct inconsistent with the proper discharge of the employee's duties to the university is a breach of the public trust and will subject the employee to disciplinary action up to and including termination, as well as to the possibility of criminal charges.
- 3.5 University employees who, as a function of their job responsibilities, participate directly or indirectly in any procurement activity may not (nor shall any member of their immediate families:
  - 3.5.1 Acquire or maintain a direct financial relationship pertaining to the procurement.
  - 3.5.2 Acquire or maintain a direct financial relationship with a business or organization pertaining to the procurement.
  - 3.5.3 Enter into a negotiation or an arrangement concerning prospective employment with a person, business, or organization involved in any specific procurement in which the employee is involved.
- 3.6 A university employee shall not offer, give, or agree to give any individual or organization a gratuity, benefit, or offer of employment in connection with any procurement activity.
- 3.7 A university employee may not disclose confidential information obtained by reason of his or her position nor otherwise use such information for actual or anticipated personal gain or for the personal gain of any other person.
- 3.8 This policy allows the use of employee-authored textbooks or other intellectual property in the employee's courses.
- 3.9 All faculty and staff in a position to originate purchase requests or influence purchasing decisions shall annually complete a disclosure statement regarding related-party interests as required in UH System Administrative Memorandum 03.A.17, Disclosure of Related Party Interests.

## 4. PROCEDURES

- 4.1. There is an important distinction between a related-party interest and a conflict of interest. A related-party interest is a question of fact and results when an individual is in a position to personally benefit from transactions entered into by the University of Houston System. Whether such a transaction or relationship

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

creates a conflict of interest requires a subjective evaluation of the facts and circumstances by the appropriate Vice President.

4.2. To avoid timing problems associated with annual reporting, it is suggested that before engaging in such activities administration, faculty, and staff members disclose in writing, through their department chairperson, to the Chancellor the nature and extent of planned related-party interests.

4.3. Department chairpersons and the Vice President shall review the disclosures and inform any faculty or staff member if their outside activity or relationship represents, or is believed to represent, a conflict of interest. Remedial action will be suggested when indicated.

### 5. EXHIBITS

There are no exhibits associated with this policy.

### 6. REVIEW PROCESS

Responsible Party: Vice President for Administration & Finance and Vice President for Academic Affairs

Review: Every three years on or before August 1<sup>st</sup>.

Signed original on file in Employment Services and Operations.

### 7. POLICY HISTORY

Issue #1: 11/01/99

Issue #2: 08/12/10

8. REFERENCES: UH System Administrative Memorandum 03.A.17

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

06.A.03 Standards of Conduct in Government-Sponsored Research:  
<https://www.uhd.edu/administration/employment-services-operations/resources/Documents/PS06A03.pdf>

Memo to: All UH-Downtown/PS Holders

UH-Downtown/PS 06.A.03

Issue No. 2

From: William Flores, President

Effective date: 08/17/15

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Subject: Standards of Conduct in Government-Sponsored Research

### 1. PURPOSE

This PS outlines the standards of procedure and conduct in Government-sponsored research adhered to by the University of Houston-Downtown (UHD). These standards are part of a joint statement of The Council of the American Association of University Professors and The American Council on Education. All University employees must abide by the procedures outlined herein to prevent conflicts of interest with outside parties, including government agencies.

### 2. DEFINITIONS

There are no definitions for this policy.

### 3. POLICY

3.1 Favoring of Outside Interests. When a University employee involved in government-sponsored work has a significant financial interest in, or a consulting arrangement with, a private business concern, actual or apparent conflicts of interest must be avoided between his government-sponsored University research obligations and his outside interests and other obligations. Situations in or from which conflicts of interest may arise are:

3.1.1 Undertaking or orientation of the employee's University research to serve the research or other needs of the private firm without disclosure of these activities to the University and to the sponsoring agency;

3.1.2 Purchase of major equipment, instruments, materials, or other items for University research from the private firm in which the employee has the interest without disclosure of such interest;

3.1.3 Use for personal gain or to benefit a private entity of Government-sponsored work products, results, materials, records, or information that are not made generally available (This would not necessarily preclude appropriate licensing arrangements for inventions, or

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

consulting on the basis of Government-sponsored research results where there is significant additional work by the employee independent of the Government-sponsored research);

3.1.4 Use for personal interest or other unauthorized use of privileged information acquired in connection with the employee's Government-sponsored activities. Privileged information includes, but is not limited to, medical, personnel or security records of individuals; anticipated material requirements of price actions; possible new sites for government operations; and knowledge of forthcoming programs or selection of contractors/subcontractors in advance of official notice.

3.1.5 Negotiation or influence upon the negotiation of contracts relating to the employee's Government-sponsored research between the University and private organizations with which the employee has consulting or other significant influence.

3.1.6 Acceptance of gratuities or special favors from private organizations with which the University does or may conduct business in connection with a Government-sponsored research project, or extension of gratuities or special favors to employees of the sponsoring Government agency, under circumstances which might reasonably be interpreted as an attempt to influence the recipients in the conduct of their duties.

3.2 Distribution of Effort. There should be a clear understanding, by all concerned parties, of the amount of time and responsibilities for which an employee is accountable, when involved in Government-sponsored research. A demonstrable relationship between the effort or responsibility proposed in the research agreement and the actual extent of the employee's involvement is expected in order to avoid any misconceptions of the amount of intellectual effort being devoted to the research in question.

3.3 Consulting for Government Agencies or their Contractors. When the University employee engaged in Government-sponsored research also serves as a consultant to a Federal agency, his/her conduct is subject to the provisions of the Conflict of Interest Statutes (18 U.S.C. 202-209 as amended). If the employee consults for one or more Government contractors, or prospective contractors, in the same technical field as his/her research project, care must be taken to avoid giving advice that may be of questionable objectivity because of its possible bearing on his/her other interests. In undertaking and performing consulting services, the employee shall make full disclosure of such interests to the University and to the contractor insofar as they may appear to relate to the work at the University for the contractor.

3.4 University Responsibilities. UHD recognizes that disclosure and consultation are the obligations assumed by the University when it accepts government funds for research. UHD will herein implement organizational and administrative actions to prevent conflicts of interest in Government-sponsored research.

3.4.1 The Assistant Vice-President for Research and Sponsored Programs and the Principal Investigator will insure that all Government funds are expended for the purposes for which they are intended and that all services which are required in return for these funds are supplied.

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

3.4.2 Any UHD employee involved in Government-sponsored research must consult with the appropriate vice president before accepting any outside professional work to insure there will not be any real or perceived conflicts of interest with the research.

3.4.3 The AVP-ORSP or designee will serve as an informed source of advice and guidance for consultation on problems that may or do develop as a result of University employees' outside financial or consulting interests, as they relate to their participation in any Government-sponsored research.

3.4.4 All University employees participating in Government-sponsored research must abide by the standards outlined herein as well as those delineated in all Grant Administration policies (PS 06.A.xx).

### 4. PROCEDURES

4.1 Any UHD employee involved in government-sponsored research must consult with the appropriate vice president before accepting any outside professional work to insure there will not be any real or perceived conflicts of interest with the research.

4.2 The AVP-ORSP or designee will serve as an informed source of advice and guidance for consultation on problems that may or do develop as a result of University employees' outside financial or consulting interests, as they relate to their participation in any Government-sponsored research.

4.3 All University employees participating in government-sponsored research must abide by the standards outlined herein as well as those delineated in all Grant Administration policies (PS 06.A.06).

### 5. EXHIBITS

There are no exhibits associated with this policy.

### 6. REVIEW PROCESS

Responsible Party (Reviewer): Assistant Vice President for Research and Sponsored Programs

Review: Every three years on or before May 1<sup>st</sup>.

Signed original on file in Employment Services and Operations.

# UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

## 7. POLICY HISTORY

Issue #1: 05/02/01

## 8. REFERENCES

There are no references for this policy.

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06.A.04 Procurement Integrity Policy  
<https://www.uhd.edu/administration/employment-services-operations/resources/Documents/PS06A04.pdf>

Memo to: All UH-Downtown/PS Holders

UH-Downtown/PS 06.A.04

From: William Flores, President

Issue No. 2

Effective date: 08/17/15

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Subject: Procurement Integrity Policy

## 1. PURPOSE

This PS outlines the prohibited actions by of University of Houston-Downtown (UHD) personnel who have any role in the development and submission of proposals to federal agencies and/or negotiations of any contracts.

## 2. DEFINITIONS

There are no definitions for this policy.

## 3. POLICY

3.1 Section 27 of the OFPP Acts Amendment of 1988, entitled “Procurement Integrity” prohibits certain activities by universities and their personnel, especially principal investigators and administrative officials, while the government is reviewing proposals in anticipation of making an award. This law affects the interaction of University personnel with program and procurement officials in the federal government. It may also affect the interaction of University personnel as consultants to any governmental agency.

3.2 Activities which University personnel are prohibited from engaging in are as follow:

3.2.1 Discuss any potential future employment of government officials;

3.2.2 Provide anything of value to governmental officials or their families;

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

3.2.3 Offer any money, gratuity, or other thing of value to any procurement officer; or

3.2.4 Solicit proprietary or source selection information from governmental officials.

3.3 If the proposed award is \$100,000 per year or more, the Assistant Vice President for Research and Sponsored Programs when required by the sponsor shall file, concurrent with submission of the proposal and/or the award, a certification concerning procurement integrity by the University.

3.4 Violation of these regulations will result in loss of contract awards (or a part thereof), and may result in suspension or debarment from receipt of any federal awards.

### 4. PROCEDURES

There are no procedures associated with this policy.

### 5. EXHIBITS

There are no exhibits associated with this policy.

Exhibit B (PS 06.A.04), University of Houston-Downtown, Certification Regarding Procurement Integrity (Federal Contracts and Grants), was deleted from this policy.

### 6. REVIEW PROCESS

Responsible Party (Reviewer): Assistant Vice President for Research and Sponsored Programs

Review: Biennial

President

### 7. POLICY HISTORY

Issue #1: 08/01/1994

### 8. REFERENCES

There are no references for this policy.

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06.A.07 Ethical Conduct in Research and Government-Sponsored Activities

<https://www.uhd.edu/administration/employment-services-operations/resources/Documents/PS06A07.pdf>

Memo to: All UH-Downtown/PS Holders

From: William Flores, President

UH-Downtown/PS 06.A.07

Issue No. 2

Effective Date: 08/17/15

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# UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

Subject: Ethical Conduct in Research and Government-Sponsored Activities

## 1. PURPOSE

This PS states the University of Houston-Downtown (UHD) policy and procedures for promoting ethical behavior in all research, scholarly and creative activities, and government-sponsored activities, and outlines how to handle allegations of scientific misconduct. This policy does not address items such as differences in interpretation or judgment of data, scholarly or political disagreements, personal or professional opinions, or private, moral or ethical behavior or views.

## 2. DEFINITIONS

2.1 Misconduct is defined as deliberate fabrication, falsification plagiarism, or other serious deviation from practices commonly accepted in the academic and scientific communities for proposing, conducting, or reporting results from education, research, and scholarly or creative activities. Misconduct also refers to retaliation against a person who, acting in good faith, reports or provides information about suspected or alleged misconduct.

2.2 Inquiry is defined as a stage of preliminary information-gathering and initial fact-finding to determine whether an allegation or apparent instance of misconduct warrants an investigation.

2.3 Investigation is a formal examination and evaluation of relevant facts to determine whether misconduct has taken place or, if misconduct has already been confirmed, to assess its extent and consequences and/or to determine appropriate action.

2.4 Relevant Parties is defined as the person(s) against whom the allegations were made, the person making the allegations, and the funding agency (if a government-sponsored activity).

## 3. POLICY

3.1 All research and government-sponsored activities in which members of the University community engage shall be conducted according to the recognized high ethical standards of collegiate education and research.

3.2 Ethical behavior includes, but is not limited to, faithful representation of data and accurate disclosure of all facts pertaining to all education and research activities.

3.3 Participants in research projects must be noted and persons listed as coauthors on research reports of any type must have a bona fide role in the research and accept responsibility for the quality of work reported.

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

3.4 All members of the University community have the responsibility to report those activities which they believe constitute unethical behavior.

3.5 All allegations of misconduct involving science and/or engineering activities funded by the Public Health Service, the National Institutes of Health, and/or the National Science Foundation, must be reported according to the steps delineated in Procedures.

### 4. PROCEDURES

4.1 Allegations of unethical behavior or misconduct shall be reported in writing to the Senior Vice President for Academic and Student Affairs and Provost (SVPASA) for review and action. If the SVPASA has a possible conflict of interest, the allegation shall be reported to the President. In such instances, duties assigned to the SVPASA in implementing this policy will be implemented by the President.

4.2 The SVPASA will authorize an inquiry into the suspected or alleged misconduct and determine whether the allegations warrant further examination as violations of University policy. The initial inquiry will last no longer than 60 calendar days and must include a meeting with the subject(s) of the allegation. This inquiry will result in the SVPASA Inquiry Report containing the following information:

- Name of the person(s) against whom the allegations were made;
- General nature of the allegations;
- The application/grant number (if a government-funded activity);
- Evidence reviewed and persons interviewed; and
- Conclusions. (A decision to dismiss the allegation or proceed with a formal investigation.)

4.3 If the allegations are dismissed, the SVPASA will notify the relevant parties within 10 working days. A detailed record of the inquiry shall be maintained in the Assistant Vice President for Research and Sponsored Programs to allow for a later assessment of the reasons for not conducting a formal investigation. These records shall be securely stored for a period of at least three years after termination of the inquiry.

4.4 If the decision is made to initiate a formal investigation, the SVPASA will notify the relevant parties and appoint an Investigating Committee (IC). The SVPASA will forward to the IC the initial report. The members of the IC will be appointed by the SVPASA in consultation with the Executive Committee of the Faculty Senate. The IC will consist of at least two tenured faculty representatives from each of the three colleges.

4.5 At its first meeting, the IC will elect a chair to handle procedural and administrative matters. The investigative phase will begin within 10 days of completion of the inquiry and shall reach a disposition within 60 days of its initiation. The IC may request the advice or appearance of individuals familiar with the nature of the study while maintaining, to the extent allowed by law, their confidentiality.

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

4.6 The IC shall insure confidentiality of the proceedings and shall undertake diligent efforts to protect the position, anonymity, and reputation of all parties in the misconduct investigation.

4.7 The subject of the allegation has the right to submit information to the committee and/or appear personally before the IC to present his/her case. Prior to such appearance, the subject of the allegation has the right to receive a written report from the IC detailing all the evidence relevant to the allegation. At this appearance, he/she may bring legal counsel or an advisor but must speak for himself/herself. If either the IC or the subject of the allegation wishes to have legal counsel or an advisor present during the hearing, the chair of the IC and/or the subject of the allegation must be notified at least one week in advance. This meeting shall be conducted informally.

4.8 A record of the proceedings and all related documentation shall be maintained by the IC's chair throughout the investigative process. Breach of confidentiality will be grounds for a charge of misconduct or other appropriate personnel action.

4.9 Once the investigation has been completed, the IC shall issue a formal report summarizing its findings and conclusions which may include a majority and minority report. Copies of the investigative report, the record of the proceedings and all related documentation will be forwarded to the SVPASA. Within 10 working days of receiving this report, the SVPASA will forward copies of the report to the relevant parties.

4.10 All documentation related to the inquiry and investigation proceedings shall be stored in the Office of the Senior Vice President for Academic and Student Affairs and Provost.

### 4.11 Penalties and Appeals

4.11.1 Within 10 working days of receipt of the report, the SVPASA, consonant with the seriousness of the offense, shall impose disciplinary measures which include, but are not limited to, a written reprimand to be placed in the employee's personnel file, withholding of pay raises for a period of time, notification of the offense to pertinent organizations and publishers, or initiating dismissal procedures within the regulations of the University.

4.11.2 Sanctions imposed by the funding agency, if misconduct occurs in a government-sponsored activity, range from minimal restrictions to suspension or termination of an active award, loss of funding and/or debarment or suspension of an individual, a department, or the University from participating in government-sponsored programs.

4.11.3 Retaliation against the person(s) reporting the allegations of misconduct is prohibited and shall be dealt with as misconduct.

## UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

- 4.11.4 Interim administrative action may be taken by the university and/or the awarding agency upon receipt of allegations of misconduct in research or government-sponsored activities.
- 4.11.5 The subject of the investigation may appeal the IC's ruling and/or sanctions imposed by the SVPASA to the President. This appeal must occur within 30 calendar days of the receipt of the ruling and/or sanctions being appealed. The President's decision will be final and binding.

### 5. EXHIBITS

There are no exhibits associated with this policy.

### 6. REVIEW PROCESS

Responsible Party (Reviewer): Assistant Vice President for Research and Sponsored Programs

Review: Biennial

President

### 7. POLICY HISTORY

Issue #1: 10/16/95

### 8. REFERENCES

There are no references for this policy.

# UNIVERSITY OF HOUSTON-CLEAR LAKE

ULC1998.004 Consulting and Outside Employment (12/11/08)

## CONSULTING AND OUTSIDE EMPLOYMENT

Policy passed by University Council on 11-12-98

Updated and passed by University Council on 12-11-2008

### 1.0 PURPOSE

- 1.1 Board of Regents' policy enables dual employment (57.04), outside employment (57.05), and consulting and paid professional services (57.02), by qualified faculty and professional staff when such activities are beneficial to the employee and the university. This policy applies to faculty and exempt staff of the University of Houston-Clear Lake (UHCL).
- 1.2 This policy and its related procedures state the regulations to be followed to ensure compliance with BOR policy.
- 1.3 For purposes of this policy, consulting and other outside employment is defined as activities undertaken by UHCL faculty or exempt staff for remuneration from a third party, where the activity is within the scope of activities, functions, or expertise for which the individual is compensated by the University of Houston-Clear Lake.

### 2.0 DEFINITIONS

- 2.1 BOR: the Board of Regents of the University of Houston System.
- 2.2 Dual Employment: work performed for a state agency that is not a component university of the University of Houston System is considered dual employment.
- 2.3 Multiple Employment: work performed for another component university of the University of Houston System within the scope of activities, functions or expertise for which the University of Houston-Clear Lake compensates the individual is considered consulting or outside employment.
- 2.4 Consulting and Outside Employment: employment outside UHCL with a private sector entity that is concurrent with UHCL employment and is similar in range and scope to the employee's UHCL employment.
- 2.5 UHS: the University of Houston System.
- 2.6 Exempt Staff: Staff employees in positions that are not subject to the overtime provisions of the Fair Labor Standards Act. Exempt staff includes professionals, administrators and executives who are paid on a monthly basis.

## UNIVERSITY OF HOUSTON-CLEAR LAKE

2.7 State Agency: an agency of the State of Texas, including state-assisted institutions of higher education.

### 3.0 COVERAGE

3.1 This policy applies to faculty and exempt staff at the University of Houston-Clear Lake.

3.2 Any faculty member or exempt staff employee of UHCL who is concurrently employed at another state agency will be subject to the overall benefits limitations for state employees. Coordination of benefits between the state agency employers is required to ensure that overall benefits limitations are observed.

3.3 Non-exempt employees of UHCL and student workers employed in positions for which student status is a prerequisite for employment are not subject to the provisions of this policy.

3.4 Unpaid public service is not covered in this policy nor are lectures that include fees, unless these activities require significant amount of time, more than one day or otherwise adversely affect the employee's performance of assigned duties.

### 4.0 GENERAL PROVISIONS

4.1 The first priority of regular, benefits-eligible employees, as far as their vocation is concerned, is the accomplishment of the duties and responsibilities assigned to their position of employment with UHCL. Consulting or other outside employment of employees is considered a secondary activity that may be engaged in only after duties and responsibilities to UHCL are fulfilled.

4.2 Each faculty member who engages in consulting or other outside employment, including teaching on a temporary basis at other institutions, during a semester in which the faculty member is assigned teaching duties must ensure that such activities do not require commitments of time averaging more than one day per calendar week (i.e. one day in seven). Such activities must be arranged so as not to interfere with regularly scheduled classes.

4.3 Faculty who wish to arrange consulting or other outside employment must provide prior written notification to the appropriate dean. Review by the dean, or designee, of such activities shall include consideration of any real or apparent conflict of interest, time, or commitment to UHCL and to the UH System. The dean may disapprove such activities if they conflict with primary UHCL duties.

4.4 Exempt staff employee must obtain prior written approval to engage in consulting and outside employment. The employee must submit a written request through his/her immediate supervisor to the appropriate administrator. Requests must include the

## UNIVERSITY OF HOUSTON-CLEAR LAKE

employing entity, the nature of the proposed work, time commitment, duration and justification of benefit to the university.

- 4.5 No employee shall accept consulting or outside employment, which could result in any conflict of interest that would impair his/her independence of judgment in performance of university duties or induce the employee to disclose confidential information acquired through his/her position. (System Administrative Memorandum 02.A.29-Ethical Conduct of Employees) An employee who violates these standards is subject to discipline and dismissal from employment with the University of Houston- Clear Lake, regardless of whether the request to engage in such activities was approved.
- 4.6 Use of University of Houston-Clear Lake facilities, space, equipment or support staff for consulting and outside employment is not permitted unless financial arrangements have been made between the university and the employee, which adequately covers the university's costs, before the employee engages in such activities.
- 4.7 Employees may not represent themselves as acting in an official capacity on behalf of the University of Houston-Clear Lake when conducting consulting or outside employment. The University of Houston-Clear Lake is not responsible for any actual or implied obligations or liabilities incurred by the employee resulting from the consulting or other outside employment.
- 4.8 An employee may not accept an honorarium or any fees or gifts in consideration for any services performed in his or her official capacity on behalf of UHCL (excluding travel expense reimbursements).
- 4.9 Consulting and outside employment must be performed on the employee's own time. Authorizations for absences from an employee's official place of duty because of consulting or outside employment shall be requested and approved in accordance with university policy governing leave entitlements.

### 5.0 ANNUAL REPORTING

- 5.1 Employees who engage in consulting and/or outside employment must report this activity during annual mandatory training. In addition, employees must complete the Consulting and Outside Employment Form, obtain appropriate signatures and forward it to the Office of Human Resources for placement into the personnel file.
- 5.2 The Office of the Executive Vice President and Vice Chancellor for Administration and Finance (UHS) will prepare an annual report of all consulting and outside employment for the Chancellor's/President's annual report to the Board of Regents.

William A. Staples  
Title: President  
University of Houston-Clear Lake

## UNIVERSITY OF HOUSTON-CLEAR LAKE

Approval Date: November 12, 1998

Sunset Date: December 11, 2018

<https://www.uhcl.edu/policies/documents/human-resources/consulting-outside-employment-policy.pdf>

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### 10.2 PERSONNEL POLICIES RELATED TO RESEARCH AND EXTERNAL ACTIVITIES From Faculty Handbook Approved June 1988; Reviewed July 2018

#### 10.2.3 PROCEDURE ON CONFLICTS OF INTEREST FOR INVESTIGATORS

Policy No. LRCC.2005.001

*Approved by University Council, March 10, 2005*

##### 1. Purpose

The Conflict of Interest policy applies to individual(s) applying for or receiving funds that are to be managed through the University. In accordance with Federal regulations, the University has a responsibility to manage, reduce, or eliminate any actual or potential conflicts of interest that may be presented by a financial interest of an investigator. Thus, the University requires that investigators disclose any significant financial interest that may present an actual or potential conflict of interest with a sponsored project. Violations of conflict of interest may result in fines and/or penalties against the university.

The goal of the Conflict of Interest policy is to facilitate maintaining objectivity in the production of research results.

##### 2. Definitions

2.1 To be in compliance with Federal regulations governing sponsored projects, we have adopted the following definitions.

2.2 Investigator means the principal investigator/project director, co-principal investigators, and any other person at the university who is responsible for the design, conduct, or reporting of research, educational, or service activities funded, or proposed for funding, by an external sponsor providing funds that are to be managed through the university. In this context, the term "Investigator" includes the investigator's spouse and dependent children.

2.3 Significant Financial Interest means anything of monetary value, including, but not limited to:

- Salary or other payments for services (e.g., consulting fees or honoraria)
- Equity interests (e.g., stocks, stock options or other ownership interests)
- Intellectual property rights (e.g., patents, copyrights, and royalties from such rights).

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The term does not include:

1. Salary, royalties, or other remuneration from the university;
2. income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities;
3. Income from service on advisory or review panels for public or nonprofit entities;
4. An equity interest that when aggregated for the Investigator and the Investigator's spouse and dependent children, meets both of the following tests: does not exceed \$10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, or constitute more than a five percent ownership interest in any single entity, or
5. Salary, royalties, or other payments that when aggregated for the Investigator and the Investigator's spouse and dependent children over the next twelve months, are not expected to exceed \$10,000.

Provided, however, that the exclusions in items (1), (4), and (5) shall not apply if the compensation or transfer of an equity interest is conditioned upon a particular outcome in a sponsored research project.

2.4 A Potential Conflict of Interest occurs when there is a divergence between an individual's private interests and his or her professional obligations to the University such that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by considerations of personal gain, financial or otherwise. An actual conflict of interest depends on the situation and not on the character or actions of the individual.

### 2.5 Conflict of Interest

The following list illustrates some of the most common conflicts of interest that occur with sponsored programs:

- Altering the focus of a research program for the benefit of one's outside interests or for financial gain;
- Obtaining personal gain by influencing purchases of equipment, instruments, etc.;
- Influencing the negotiation of contracts for inappropriate personal or third party benefit;
- Using or releasing privileged information for personal or third party gain;
- Accepting gratuities or special favors in return for influencing the conduct of research.

### 3. Procedure

3.1 Prior to the University entering into any of the arrangements listed below, the involved Investigator must have submitted to the dean of his/her School or to the executive unit head a complete written disclosure. This disclosure should include 1) his or her current or pending relationship with the outside enterprise or entity in which the Investigator has a significant financial interest, 2) the relationship of the proposed University activity to the enterprise or entity, and 3) the means by which the Investigator proposes to address actual or potential conflicts of interest which arise from his or her, including immediate family members, dual University and enterprise or entity roles.

## UNIVERSITY OF HOUSTON-CLEAR LAKE

- 3.2 Project proposals where any of the involved Investigators (or immediate family members) have employment or consulting arrangements or significant financial interests in an enterprise or entity whose interests might be affected by the outcome of the proposed project.
- 3.3 Project proposals in which any of the involved Investigators (or immediate family members) have employment or consulting arrangements or significant financial interests in the proposed sponsor, subcontractor, vendor, or collaborator with the proposed project.
- 3.4 Gifts, including cash or property, which will be under the control, or will directly support the teaching or research activities of an Investigator from an enterprise or entity in which that Investigator (or immediate family members) has an employment or consulting arrangement or significant financial interests.
- 3.5 University technology licensing arrangements with an enterprise or entity for which the inventor (or immediate family members) has employment or consulting arrangement or significant financial interests.
- 3.6 Common sense must prevail in the interpretation of these provisions. That is, if a reasonable, disinterested person would question the relationship, it should be disclosed and approval sought for the proposed arrangement.

#### 4. Implementation

This procedure as written is based on the final regulations issued by the National Science Foundation contained in Manual Number 15 as revised October, 1977 and the Public Health Service Objectivity in Research Guide, National Institutes of Health Guide, effective October 1, 1995.

#### 5. Certification of Compliance

- 5.1 On an annual basis, all Investigators engaging in sponsored projects must certify to their dean or executive unit head their knowledge of and compliance with the financial disclosure policy of the University as outlined herein. (See Appendix I, sample certification form, at the end of this document.) The certification form also requires the same information about members of the Investigator's immediate family. Investigators must supply this information for confidential review by the University. At minimum, disclosures must include the information found on the sample certification form at the end of this document.
- 5.2 In addition, Investigators engaging in sponsored projects must disclose to their Dean or executive unit head on an ad hoc basis new situations in which significant financial interests are obtained and which may raise questions of conflict of interest as soon as such situations become known to the Investigator.
- 5.3 The dean or executive unit head will review the financial disclosure, determine whether an actual or potential conflict of interest exists, and determine what conditions or restrictions,

## UNIVERSITY OF HOUSTON-CLEAR LAKE

if any, should be imposed by the institution to manage, reduce or eliminate such conflict of interest. An actual or potential conflict of interest exists when the reviewer(s) reasonably determines that a significant financial interest could affect the design, conduct, or reporting of the research or educational activities in question.

5.4 Examples of conditions or restrictions that might be imposed to manage, reduce, or eliminate actual or potential conflicts of interest include:

- Public disclosure of significant financial interests;
- Monitoring of projects by independent reviewers;
- Modification of the research plan;
- Disqualification from participation in that portion of the project that would be affected by the significant financial interests;
- Divestiture of the significant financial interests; or
- Severance of relationships that create actual or potential conflicts.

5.5 If the dean or executive unit head determines that imposing conditions or restrictions would be either ineffective or inequitable, and that the potential negative impacts that may arise from a significant financial interest are outweighed by interests of scientific progress, technology transfer, or the public health and welfare, then the dean or executive unit head may recommend that the project go forward without imposing such conditions or restrictions. Such a recommendation will be forwarded through the Executive Director, Office of Sponsored Programs, to the Associate Vice President for Information Resources, who shall provide his or her approval and/or disapproval as delegated by the Provost. Restrictions similar to those listed in section 5.4 may be imposed by the Associate Vice President for Information Resources.

### 6. Appeals of Decisions

Should an Investigator wish to appeal a decision made by the Associate Vice President for Information Resources, he or she may present the appeal to the Provost who then forms the ad hoc appeals committee. The ad hoc appeals committee is to be made up of one faculty from each school selected by the dean of that school, one member from A&F and one non-academic position appointed by the Provost. The ad hoc appeals committee will make a recommendation to the Provost who has final authority.

### 7. Retention of Records

Records of all financial disclosures and of all actions taken to resolve actual or potential conflicts of interest will be maintained in the Office of Sponsored Programs until at least 3 years beyond the termination or completion of the sponsored project award to which they relate, or the resolution of any government action involving those records.

Failure of any Investigator to comply with this policy shall constitute grounds for disciplinary action.

Conflict of Interest form located at:

<https://www.uhcl.edu/about/administrative-offices/sponsored-programs/conflict-of-interest>

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### 10.2.4 Research Ethics Policy and Procedures

#### I. Policy

The integrity of the research process is an essential aspect of a university's intellectual and social structure. Research is defined as all research, scholarly, and creative activities that support the intellectual endeavors of the University.

Although incidents of misconduct in research may be rare, those that do occur threaten the entire research enterprise. Ethical codes govern the protection of human subjects and the welfare of animals and ensure compliance with specific terms or conditions of an award.

The integrity of the research process must depend largely upon self-regulation. Formalization of the rights and responsibilities underlying the methods used is imperative in the research process. The following policy on ethical responsibilities in conducting research is directed toward preserving the integrity of the research process at the University of Houston-Clear Lake.

It is the responsibility of UH-Clear Lake to foster a research environment that encourages ethical conduct in all research and that deals forthrightly with possible misconduct associated with research, especially when funds have been provided or requested for the research. Any failure to comply with our assurance to funding agencies and the requirements of Federal regulations may result in enforcement action against UH-Clear Lake including loss of Federal funding, and may lead to the Federal agency conducting its own investigation.

#### Definition of Misconduct in Conducting Research

"Research Misconduct" may include the fabrication of falsification of data, plagiarism, or other fraudulent practices in proposing, executing, or reporting results from research. It might also involve a material failure to comply with Federal requirements for protecting researchers, human/animal subjects, or the public. In general, gross negligence of research standards and any action taken with the intent to defraud are considered forms of research misconduct. This definition does not include the results of honest error or honest differences in interpretation or judgments of data. (Definition based on statement 42 CFR Part 50, Federal Register August 8 1989)

#### Prevention of Misconduct in Conducting Research

The primary way to prevent misconduct in research at the University is for faculty to promote and maintain a climate consistent with high ethical standards. To reduce the likelihood of misconduct in research, the faculty and administration should facilitate the following:

- A. Encouragement of intellectual honesty. Because of the primary role played by a climate of intellectual honesty in an academic community, a commitment to the ethical responsibilities of research by all of its practitioners is essential. We must emphasize the importance of such common practices as submission of work to peer review, avoidance of conflict of interest, scholarly exchange of ideas and data, and self-regulation. Mentor

## UNIVERSITY OF HOUSTON-CLEAR LAKE

relationships between research leaders and new practitioners serve to guarantee the transmission of ethical standards in research.

- B. Assurance that quality rather than quantity of research is emphasized in promotion and tenure review and merit pay consideration for faculty.
- C. Acceptance of responsibility by research supervisor. University policies must define a focus of responsibility for the conduct of research and must ensure that the individual(s) charged with the supervision of researchers can realistically execute the responsibility. These supervisors of research should be experienced researchers who serve as mentors in transmitting the ethics and responsibilities underlying the research approaches used. The larger the research team, the more critical the role of the supervisor in promoting open communication and scholarly exchange of ideas, data, and results. It is also the responsibility of the supervisor to encourage publication of as much primary data as possible.
- D. Establishment of well-defined research procedures. Well-designed and strictly-adhered-to methods are a deterrent to fraud. Appropriate assignment of credit and responsibility. Publications should recognize the contributions of others through adequate citation. Publications should also name as authors only those who have had a genuine role in the research and who accept responsibility for the quality of the work being reported. Ordering all authorship should accurately reflect the contributions of the major participants in the research and writing process, including students.

### Response to Misconduct in Conducting Research

The University of Houston-Clear Lake will conduct inquiries and investigations into reported allegations of misconduct in conducting research by faculty, staff or students. These inquiries and investigations will be pursued in compliance with the rights to privacy, due process and academic freedom of those being accused. Proof of misconduct will result in appropriate disciplinary action by the University.

## II. Procedures

### University Procedures for Dealing with Alleged Misconduct in Research

These procedures assume the University will act to protect the rights and reputations of all individuals, including any person who is alleged to have engaged in misconduct, as well as the person(s) who made the allegations. Also assumed is the University's prompt, careful, and objective review of such allegations. Confidentiality shall be maintained throughout the proceeding by all parties involved.

- A. In each school, the Dean or an individual designated by the Dean shall have principal responsibility for assessing a proper response to allegations of misconduct in conducting research. To assist the Dean's office in meeting this obligation, all allegations of

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misconduct, whether discovered by a faculty member or other member of the academic community, shall be brought to the attention of the appropriate Office of the Dean unless the allegations are clearly frivolous or otherwise lacking in substance.

- B. The Dean or the Dean's designee shall decide whether it is appropriate to resolve the matter through informal processes and discussions. Such processes shall begin immediately upon receipt of the allegation and shall be completed within 30 days of initiation unless an extension of no more than 30 days is requested by the Dean and granted by the Provost. A written report of the inquiry shall be prepared by the Office of the Dean and submitted to the Senior Vice President and Provost and the individual who is the subject of the allegation, as well as any co- investigators on the research project(s) involved. Final resolution through informal means shall require approval by the Provost or his/her designee.
- C. If the matter is not resolved through informal efforts and if, in the view of the Office of the Dean or the Provost, further proceedings are required, the allegation shall be referred to the University Research Committee.
- D. The Chair of the University Research Committee shall appoint from its membership an ad hoc committee of five members to hear the allegation of misconduct in research. Any individual who has been involved in the school level inquiry may not serve on the ad hoc committee. The Chair of the committee may supplement by not more than two members (who shall be voting members) the subcommittee's membership when special expertise is necessary to understand the research in question and/or when allegations concern other universities or agencies. The subcommittee shall investigate the facts and submit the results to the University Research Committee. The committee, with the benefit of the report from the subcommittee and after such proceedings and deliberations as it deems appropriate, shall submit its report including recommendations to the Senior Vice President and Provost. The investigation shall be completed within 60 days of initiation unless an extension of no more than 30 days is requested by the committee and granted by the Senior Vice President and Provost.
- E. The Senior Vice President and Provost shall take action or make such recommendations as may be required. Special procedures must be followed when the alleged misconduct occurs in a research program funded by Federal or State agencies. It becomes necessary to notify the appropriate Federal or State agency, if at any stage of the inquiry or investigation, it is ascertained that one of the following conditions exists:
  - 1. There is an immediate health hazard involved;
  - 2. There is an immediate need to protect Federal funds or equipment;
  - 3. There is an immediate need to protect the interests of the person(s) making the allegations or of any individual who is a subject of the allegations as well as his/her co-investigators and associates, if any;
  - 4. It is probable that the alleged incident is going to be reported publicly.

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5. There is a reasonable indication of possible criminal violation. In that instance, the institution must inform the appropriate Federal or State agency within 24 hours of obtaining that information.
- F. The following actions are recommended when alleged misconduct is substantiated by a thorough investigation:
1. The sponsoring agency should be notified of the findings of the investigation, and appropriate restitution should be made.
  2. All pending abstracts and papers emanating from any research found to be fraudulent should be withdrawn, and editors of journals in which previous abstracts and papers appeared should be notified.
  3. Institutions and sponsoring agencies with which the individual has been affiliated should be notified if there is reason to believe that the validity of previous research might be questionable.
  4. A faculty member whose misconduct is substantiated may be barred from submission of proposals to internal and/or external funding sources for a period of time.
  5. Appropriate action should be taken to terminate or alter the status of faculty members whose misconduct is substantiated.
  6. Institutional administrators should consider, in consultation with legal counsel, the release of information about the incident to the public press, particularly when public funds were used in supporting any research found to be fraudulent (recommendation from the Association of American Medical Colleges, June 24, 1984, pp. 5-6).
- G. The Office of the Dean and the University Research Committee shall maintain records of all proceedings in which they were involved. To the extent allowed by law, such records shall be made available to the accused.
- H. The researcher(s) involved in the alleged misconduct shall be informed in a timely fashion of the nature of the allegation and the preliminary evidence upon which it is based. Throughout the investigation he or she shall be advised of the progress of the investigation and be afforded the opportunity to respond and provide additional information. He or she shall be able to continue his or her activities unless legal, ethical, or contractual guidelines prohibit such continuation. Throughout the investigation, all parties involved shall maintain confidentiality.
- I. When a thorough investigation fails to substantiate an allegation of misconduct, formal measures will be instituted to ensure restoration of the reputation of the researcher(s) involved in the alleged misconduct. Appropriate actions will be taken against those who leveled the allegation if their unfounded charges are demonstrated to have been malicious or intentionally dishonest.

June 1998 [previously undated, but the policy was developed in June 1998 and last reviewed in 2016-2017]

Link: <https://www.uhcl.edu/about/administrative-offices/sponsored-programs/conflict-of-interest>

University of Houston  Clear Lake

Annual Certification of Compliance  
Conflict of Interest for Investigators  
Fiscal Year 2020  
September 1, 2019 – August 31, 2020

NAME \_\_\_\_\_

COLLEGE:  BUS  COE  HSH  CSE *or* ADMINISTRATIVE DEPARTMENT

PLEASE NOTE:

- Signatures are required on the following page. Please sign and date, then forward to your dean/supervisor for additional signature(s).
- DO NOT submit this form to the Office of Sponsored Programs until it is fully signed!

*Instructions:*

The following questions apply to your situation as it currently exists. **If there are any changes during the current fiscal year (September 1 through the following August 31) you must resubmit this fully signed form with the new information.**

If you answer “YES” to any of the questions below, **on a separate sheet of paper describe each situation in detail. Indicate how you propose to manage, reduce or eliminate the conflict of interest. Attach these sheets to this form.**

1. Do you currently have internally or externally sponsored projects, or are you supported by a grant or contract, the outcome of which could affect the interests of an enterprise or entity in which you (or members of your immediate family, i.e., spouse or dependent children as defined by the Internal Revenue Service) have employment or consulting arrangements and/or significant financial interest?

YES  NO

2. Do you currently have internally or externally sponsored projects, or are you supported by a grant or contract under which you (or members of your immediate family) have employment or consulting arrangements and/or significant financial interests with the sponsor of the project, a subcontractor to the grant, a vendor or a research collaborator?

YES  NO

3. Do you currently have gifts of cash or property which are under your control, or which directly support your teaching or research activities from an enterprise or entity in which you (or your immediate family members) have an employment or consulting arrangement and/or significant financial interests?

UNIVERSITY OF HOUSTON-CLEAR LAKE

YES  NO

4. Does the University currently have a technology licensing arrangement with an enterprise or entity for which you, the inventor (or your immediate family members) have employment or consulting arrangements and/or significant financial interests?

YES  NO

CERTIFICATION

STEP 1: INVESTIGATOR SIGNATURE

In submitting this form, I certify that the above information is true to the best of my knowledge and that I have read the University’s policies related to conflict of interest as described in the “Procedure on Conflicts of Interest for Investigators.” I supply this information for confidential review by the University and I do not authorize release of any of it for any other use.

**Final Authority:** Final authority resides with the Provost. In the event of appeal, final authority resides with the Provost. See UHCL Conflict of Interest Policy Excerpt, Section 6 (<https://www.uhcl.edu/about/administrative-offices/sponsored-programs/conflict-of-interest-policy-excerpt.pdf>).

**Retention of Records:** The Office of Sponsored Programs will retain Annual Certification of Compliance forms and *ad hoc* reports as required by the external agencies.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

STEP 2: DEAN OR SUPERVISOR REVIEW AND SIGNATURE

*Dean or supervisor reviews responses on page 1 and checks one of the four boxes below:*

- 1.  No activity is reported and, to the best of my knowledge, no conflict of interest exists.
- 2. Based on the activity reported (*brief explanation for each significant interest must be attached*), to the best of my knowledge and in my judgement:
  - a.  No conflicts exist.
  - b.  A conflict of interest may exist but does not appear to be significant.
  - c.  A conflict of interest may exist which warrants further review.

DEAN’S OR SUPERVISOR’S SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

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When Box 1 or 2a is checked: STOP HERE and submit the form with investigator and dean/supervisor signatures directly to the Office of Sponsored Programs.

When Box 2b or 2c is checked: Dean or Supervisor must forward the form to the Senior Vice President for Academic Affairs and Provost, for review and signature.

STEP 3: PROVOST REVIEW AND SIGNATURE

I have reviewed and addressed all potential conflicts reported on this form by the investigator.

STEVEN J. BERBERICH, PROVOST \_\_\_\_\_ DATE \_\_\_\_\_

REMINDER: DO NOT SUBMIT THIS FORM TO OSP UNTIL IT CONTAINS ALL REQUIRED SIGNATURES!

Policy No. ULC.1997.010

NEPOTISM

Approved by University Council May 8, 1997

Reviewed and approved by University Council on December 10, 2009

1. PURPOSE AND APPLICATION

1.1 Nepotism in employment is a violation of state law, UHS Board of Regents Policy, and UHS Policy. This policy describes the employment conditions that are covered by these regulations and the sanctions for violation of regulations.

1.2 This policy applies to all positions, full- and part-time, regular and temporary, including students in positions that require student status, and in all university programs, regardless of funding source.

2. DEFINITIONS

a. Nepotism is defined as favoritism shown to a relative by employment on the basis of relationship.

b. Relative. For the purposes of this policy, a relative includes the following relations: a. the employee's spouse; b. the employee or the spouse's natural and adopted children, parents, grandparents, great-grandparents, brothers, sisters, half brothers and sisters, grandchildren, great-grandchildren, aunts, uncles, nieces, nephews, first cousins, second cousins, and persons married to them.

3. POLICY

## UNIVERSITY OF HOUSTON-CLEAR LAKE

- 3.1 Relatives of members of the Board of Regents and the Chancellor of the UH System shall not be employed by UHCL unless the employment preceded the appointment of the Board member or Chancellor by at least one year.
- 3.2 Relatives of other University of Houston System and UHCL employees shall not be employed by UHCL in positions where the employee has the official authority to hire or recommend or approve the hiring, salary, or promotion of the relative.
- 3.3 Relatives shall not be employed in the supervisory-subordinate relationship even if it results from marriage after the employment relation was formed. The supervisor-subordinate relationship shall be interpreted to include all levels of line administrative supervisors, from the lowest to the highest, not just the immediate supervisor.
- 3.4 Violation of these regulations is a misdemeanor involving official misconduct.
- 3.5 An employee who violates this law is subject to a fine and removal from office. An employee who violates this policy, whether by knowingly permitting or knowingly accepting employment in violation of these regulations, is subject to disciplinary action up to and including dismissal from employment.

#### 4. PROCEDURES

- 4.1 All employees are required to complete a Personal Data Sheet upon initial employment at UHCL. This form contains a block in which the employee will list the name(s) of any relative (s) employed within the UH System or at UHCL.
- 4.2 The Office of Human Resources is responsible for entering information from the {personal Data Sheet into the automated payroll system database.
- 4.3 If a prohibited relationship is discovered during data entry of Personal Data Sheet, the Office of Human Resources will notify the affected employee, the employing supervisor or department head, and the appropriate dean or vice president.
- 4.4 4.4 The employing department and the affected employee will take such steps as necessary to correct the prohibited employment situation.

William A. Staples

Title: President University of Houston-Clear Lake

Approval Date: May 8, 1997

Sunset Date: December 10, 2019

Link: <https://www.uhcl.edu/policies/documents/human-resources/nepotism.pdf>

## UNIVERSITY OF HOUSTON-VICTORIA

C-8 Employee Standards of Conduct (policy also addresses Conflicts of Interest)  
[www.uhv.edu/fin/policy/c/c-8.aspx](http://www.uhv.edu/fin/policy/c/c-8.aspx)

### SECTION: PERSONNEL INDEX C-8

#### Policy

Employees of the University of Houston-Victoria (UHV) are public servants and have a responsibility to the public in the performance of official duties. Federal and state law, together with growing scrutiny of the complex relationships between public institutions and outside public and private organizations and individuals, necessitate the clarification of standards of accountability for public servants. Requirements for ethical behavior are especially important in public institutions of higher education; university employees are accountable to taxpayers for the use of public funds and also have the responsibility to lead and educate university students by example.

The purpose of this policy is to ensure that employees are informed of their responsibilities for accountability and ethical conduct and that any potential conflict is reviewed and reported in accordance with state and federal law and University of Houston System Board of Regents Policies. This policy applies to all university employees, with certain reporting requirements for specific groups as noted.

University employees shall promptly disclose to their supervisor any substantiated information regarding what they believe to constitute a violation of this policy or any law or institutional policy.

Failure to comply with the provisions of this policy may subject the employee to disciplinary action up to and including dismissal, as well as to the possibility of criminal action.

The purpose of this policy is to ensure that employees are informed of their responsibilities for accountability and ethical conduct and that any potential conflict is reviewed and reported in accordance with state and federal law and University of Houston System Board of Regents Policies. This policy applies to all university employees, with certain reporting requirements for specific groups as noted.

University employees shall promptly disclose to their supervisor any substantiated information regarding what they believe to constitute a violation of this policy or any law or institutional policy.

Failure to comply with the provisions of this policy may subject the employee to disciplinary action up to and including dismissal, as well as to the possibility of criminal action.

#### Definitions

*Benefit:* Anything reasonably regarded by an independent observer as providing monetary gain or advantage. For the purposes of this policy, a benefit shall include, but is not limited to

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monetary gifts, meals, employment, travel, or items of significant gain or advantage with a value of \$50 or more. When the appropriateness of a benefit is in question, it should not be accepted.

*Bribery:* A university employee commits the criminal offense of bribery if the employee solicits, offers, or accepts any benefit in exchange for a decision, opinion, recommendation, vote, or other exercise of discretion by the employee.

*Conflict of Interest:* A situation in which there is a divergence between the employee's private interests and the employee's professional obligations to the university (i.e. the public interest) such that an independent observer might reasonably question whether the employee's actions or decisions are determined by considerations of private gain, financial or otherwise, to the university's detriment.

*Conflict of Commitment:* A situation in which an employee's outside activities interfere with the employee's primary commitment of time and intellectual energies to the university, or in which a full-time employee's primary professional loyalty is not to UHV. The general permitted limit to external commitments for faculty is one day per calendar week, never to conflict with the employee's scheduled classes or other duties and responsibilities.

*Consulting and outside employment:* For the purposes of this policy, activities undertaken for remuneration from a third party when the activity is within the scope of activities, functions, or expertise for which the individual is compensated by the university. This definition does not include unpaid public service or lectures for fees, unless these activities require significant amounts of time or otherwise adversely affect the employee's performance of university duties.

*Honoraria:* A payment for speech, lecture, or other services on which, by custom or agreement, a specific price may not be set. For the purposes of this policy, this definition includes any payment from an outside entity for services such as making a speech, teaching a class or workshop, or providing consulting services.

*Immediate family:* Includes spouse and dependent children. Children, for the purposes of this document, include adopted, step, and foster children, as well as natural sons and daughters.

*Related-party interest:* A business or personal relationship that exists between a university employee and an outside individual or organization that may influence the employee's actions or decisions due to considerations of private benefit - financial or otherwise - and/or may create or be perceived as creating a conflict of interest.

*Significant financial interest:* Anything of monetary value including, but not limited to salary, other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options, or other ownership interests); and intellectual property rights (e.g., patents, copyrights, and royalties from such rights) that, when aggregated with immediate family:

- exceeds \$10,000 fair market value and 5 percent ownership; or
- is expected to exceed \$10,000 in payments during the next 12-month period

# UNIVERSITY OF HOUSTON-VICTORIA

## Standard of Conduct Guidelines

University employees have a responsibility to the public in the performance of their official duties. High institutional and personal standards of conduct must be maintained to fulfill that responsibility. These standards must include avoiding any actions that would create the appearance of violation of laws or ethical principles.

UHV employees shall avoid using their positions for purposes that are, or give the appearance of being motivated by a desire for private gain for themselves or others, such as those with whom they have family, business, or other ties. University employees shall exercise the utmost good faith in all transactions, activities, and behaviors related to their duties to the university and its property and resources. The principles of good faith and honest dealing apply to all aspects of the employee's responsibilities and activities on the part of the university, not just those identified in this policy as subject to particular statutes or causes for particular concern.

- **Disclosure of Confidential Information** - No university employee shall disclose confidential information gained by reason of his or her position, nor shall the employee otherwise use such information for personal gain or benefit. Similarly, no employee shall accept other employment or engage in any business or professional activity that foreseeably might require or induce the employee to disclose confidential information acquired through his or her position.
- **Business, Investments, and Professional Activity** - An employee or the employee's immediate family shall not make personal investments in any enterprise that foreseeably might create a significant conflict between the employee's private interests and the university's interests. An employee shall not transact any business for the university with any entity of which he or she is an owner, officer, agent, employee, or member or in which the employee or the employee's immediate family owns any significant interest or accrues any benefit.
- **Bribery** - No employee shall solicit, offer or accept any benefit in exchange for a decision, opinion, recommendation, vote, or other exercise of discretion.
- **Outside Consulting or Other Employment** - The University expects employees to accord a full professional commitment to the university during the terms of their appointments. Interaction between employees and external entities for reasonable periods of time and for personal remuneration may be desirable when the relationship benefits the university, enhances the professional skills of the employee, or constitutes a public service. However, no employee shall accept consulting or external employment that might impair his or her independence of judgment in performance of university duties, nor shall an employee receive any compensation from any source other than the State of Texas except as allowed by law. The University bears no responsibility for any actual or implied obligations or liabilities incurred by an individual resulting from a consulting or other paid professional agreement or activity. All such activity must be reported to the immediate supervisor for approval before performing the work. The employee must be careful to avoid conflicts of interest and conflicts of commitment. Employees should be aware that a Conflict of Interest situation exists when outside activities interfere with the employee's primary commitment of time and intellectual energies to the university, or when a full-time employee's primary professional loyalty is not to the University. The

## UNIVERSITY OF HOUSTON-VICTORIA

general permitted limit to external commitments for faculty is one day per calendar week, never to conflict with the employee's scheduled classes or other duties and responsibilities. Unpaid public service or lectures for fees are not included unless these activities require significant amounts of time or otherwise adversely affect the employee's performance of university duties. All consulting and other paid professional employment shall comply with Board of Regents Policy 57.02 and UHS SAM 02.A.08.

Prior to entering into any consulting, investment, professional, or other arrangement that may involve a conflict of interest or commitment, a faculty or exempt employee must submit to the appropriate supervisor a complete written disclosure of the pending relationship and any potential conflicts that it may involve. The subsequent arrangements will then be subject to the approval of the appropriate Cabinet-level supervisor. When a question of propriety of the proposed employment or business relationship exists, the supervisor shall submit the application to the Vice President for Academic Affairs and Provost (for faculty) or Vice President for Administration (for staff). These procedures apply to all regular faculty and exempt staff and to non-exempt staff with procurement or research responsibilities.

In accordance with Board of Regents Policy 57.05, any outside employment of the Chancellor, other officers of the System Administration, or the President or vice presidents of any component, including serving on the board of directors or governing board of any outside organization, shall be approved in advance by the Board of Regents.

- **Honoraria** - By state law, a university employee may not solicit, agree to accept, or accept an honorarium in consideration for services the employee would not have been asked to provide but for his or her official position; i.e. for providing services on behalf of the university. This prohibition includes a payment made to a third party if made in exchange of the employee's services. This restriction applies to any fee for any service provided in the employee's official capacity, but does not apply to food, transportation, and lodging in connection with the service provided.
- **Dual Employment** - A UHV employee may hold another non-elective state or federal office or position of honor, trust, or profit only with the prior approval of the President and the Board of Regents. Such approval must be based on formal findings that the dual office holding is of benefit to the state or is required by state or federal law and that the situation creates no conflict of interest or commitment. UHV is required to maintain records of any compensation, including per diem, associated with the second position.
- **Charitable or Professional Organizations/Pro Bono Work** - Any contribution of time without compensation to charitable or professional organizations or causes that may infringe upon the employee's regular work hours must be disclosed to the employee's supervisor and must not interfere with the individual's university responsibilities.
- **Use of University Equipment, Facilities, Support Staff, and Other Resources** - As a state employee, an employee is required to use university property for university purposes only, not for personal or private purposes. In situations where there is no direct cost to the university, such as use of university telephones to make non-toll calls, or use of computers for occasional internet use, such use is not considered a misapplication of state property and may be permitted within reason. Use of university equipment, facilities, or support staff for any activity other than the conduct of the employee's job

## UNIVERSITY OF HOUSTON-VICTORIA

responsibilities is permitted only if prior appropriate and equitable financial arrangements have been concluded between the individual and the University.

- **Use of University Name** - The name of the University of Houston-Victoria may in no case be used for advertising or procurement purposes by any individual or external organization for non-university purposes. Likewise, employees may not represent themselves as acting in the capacity of university employees when conducting consulting or personal activities. UHV bears no responsibility for any actual or implied obligations or liabilities incurred by an individual resulting from a consulting or other paid professional agreement or activity.
- **Governmental Appearances or Expert Witness Service** - University employees appearing before Congress or the Texas Legislature or their agencies, committees, or members to offer testimony, opinions, or commentary in regard to existing or potential laws, rules, or regulations, unless expressly authorized to do so by the Board or the Chancellor, must clearly state in advance that they are appearing in their individual capacities and that their testimony, opinions, and commentary are not authorized by and must not be construed as reflecting upon UHV's position.
- **Nepotism** - Relatives of university employees may not be employed in positions where the employee has the official authority to hire or recommend or approve the hiring, salary, or promotion of the relative, even if it results from marriage after the employment relationship was formed. The requirements of nepotism statutes may be found in Board of Regents Policy 57.07 and UHS SAM 02.A.21.
- **Transfer of Research Results, Materials, Products, Records** - Board of Regents Policy 21.08 requires that university faculty and staff disclose on a timely basis the creation or discovery of all potentially patentable inventions created or discovered in the course of their university activities or with use of university resources. Ownership of these inventions must be assigned to the university regardless of source of funding.
- **Travel** - Travel undertaken on official university business may be paid or reimbursed from university funds when arrangements comply with applicable University of Houston System SAMs 01.C.05, 03.A.03, 03.A.04, and 03.A.14.
- **Lobbying by State Employees, Political Campaigns, Holding Public Office, and Other Political activities** - The General Appropriations Act prohibits the use of state funds to influence the outcome of any election or any legislative measure. Likewise, this act restricts the use of any university funds to hire lobbyists and provides restrictions against offering gifts to legislators and accepting gifts from legislators. Similarly, federal restrictions prohibit the use of federal funds to influence federal legislation. The Vice Chancellor for Governmental Relations shall be responsible for the general coordination of University of Houston System governmental activities.
- **Political Campaigns** - No university employee may use his or her authority, influence, or time during university work hours to affect the result of any election or political campaign or to achieve any other political purpose. Likewise, university funds, equipment, or other resources may not be used to work on a political campaign. University employees may run for local elective office and serve as elected public officials so long as campaign activities are not conducted during official university hours and so long as the office does not involve a political party primary or a party affiliation. The employee must provide prior notification to his or her supervisor of the candidacy and election to office.

## UNIVERSITY OF HOUSTON-VICTORIA

- **Reporting of Time and Effort; Maintenance of All Records** - It is a violation of law to falsify or alter the reporting of time worked, salary records, or any way revise university documents or records so as to provide an unearned benefit to the employee or another party.
- **Acceptance of gifts or other benefits** - A benefit is anything reasonably regarded by an independent observer as providing monetary gain or advantage. Benefits include, but are not limited to monetary gifts, meals, employment, travel, or items of significant gain or advantage with a value of \$50 or more. When the appropriateness of a benefit is in question, it should not be accepted. An employee (or member of the employee's immediate family) may not solicit or accept any gift, favor, privilege, benefit, service, exemption, or thing of value that might influence the employee to perform his or her job differently. An employee should assume that anyone having business with the university as a client, contractor, or vendor is likely to be seen as attempting to curry favor if that person provides any gift or benefit to the employee.

The only gifts and benefits not subject to this restriction are those conferred on account of kinship or a personal or professional relationship independent of employee's status, non-cash items of less than \$50.00 in value, and those used solely to defray expenses accrued in the performance of official duties that are not reimbursable by the university.

- **Related Party Interests** - A related party interest is a business or personal relationship that exists between a university employee and an outside individual or organization that may influence the employee's actions or decisions due to considerations of private benefit - financial or otherwise - and/or may create or be perceived as creating a conflict of interest. There is a distinction between a related-party interest and a conflict of interest. A related-party interest is a question of fact and results when an individual is in a position to personally benefit from transactions entered into by the University.

However, whether the transaction or relationship creates a conflict of interest requires a subjective evaluation of the facts and circumstances. All faculty and staff in a position to originate purchase requests or influence purchasing decisions must annually complete a disclosure statement.

- **Conflicts of Interest** - No employee shall use their employment to obtain unauthorized privileges, benefits, or things of value for oneself or others. Employees are required to take the initiative to disclose and request prior approval of their supervisor before entering into any activity or situation that may involve, or appear to involve, a conflict of interest or other potentially incompatible obligation. Such a relationship includes consulting or other outside employment, a relationship defined as a related-party interest, or any other relationship that results in a gift or other benefit to the employee.

Although the University of Houston System depends upon the integrity and discretion of its staff with respect to actual or apparent conflict of interest, all University of Houston System employees are subject to the prohibitions of state law and applicable federal guidelines. Guidelines to avoid conflict of interest include the following:

## UNIVERSITY OF HOUSTON-VICTORIA

- No employee shall solicit, accept, or agree to accept any privilege, benefit or thing of value for the exercise of his or her discretion, influence or powers as an employee except as allowed by law.
- No employee shall accept any privilege, benefit or thing of value that might influence him or her in the discharge of his duties as an employee.
- No employee shall use his or her position to secure special privileges or exemptions for himself or herself or others, except as is allowed by law.
- Any employee who is an officer, agent, employee or member of, or owns a significant interest in any entity doing business with any component of the University of Houston System must disclose such relationship in writing to his or her immediate superior.
- No employee shall accept employment or engage in any business or professional activity which foreseeably might require or induce him or her to disclose confidential information acquired by reason of his/her university position.
- No employee shall disclose confidential information gained by reason of his or her university position nor shall he or she otherwise use such information for his or her personal gain or benefit.
- No employee shall transact any business for the university with any entity of which he or she is an officer, agent, employee, or member, or in which he or she owns a significant interest.
- No employee shall make personal investments in any enterprise which foreseeably might create a substantial conflict between his or her private interests and the university's interests.
- No employee shall accept other employment which might impair his or her independence or judgment in the performance of his or her university duties.
- No employee shall receive any compensation for his or her services from any source other than the State of Texas except as allowed by law.
- No employee who exercises discretion in connection with contracts, purchases, payments, claims or other pecuniary transactions shall solicit, accept or agree to accept any benefit from a person or entity the employee knows, or should know, is or is likely to become financially interested in such transactions.

University employees are required and expected to take the initiative to disclose and request prior approval of their supervisor before entering into any activity or situation that may involve, or appear to involve, a conflict of interest or other potentially incompatible obligation. Such a relationship includes consulting or other outside employment, a relationship defined as a related-party interest, or any other relationship that results in a gift or other benefits to the employee.

### **Evaluating and Resolving Violations of Standards**

University employees are asked to report in good faith violations of this policy or any law, regulation or other occurrence of institutional noncompliance, whenever observed or suspected. Reports may be made to either the employee's immediate supervisor, the HR/AA Director, the campus assigned Institutional Compliance Officer (Director of Business Services) or confidentially to the telephone number provided on the University's Institutional Compliance website. Violations involving sponsored project agreements should be directed to the Provost and Vice President for Academic Affairs and handled in accordance with applicable policy.

## UNIVERSITY OF HOUSTON-VICTORIA

Confidentiality of the information and employee(s) involved is of utmost importance to insure proper adjudication of the allegations. Federal and state laws prohibit university officials from retaliating against employees who report violations in good faith. In addition, the university is committed to maintaining the confidentiality and anonymity of all individuals who make such reports to the extent allowed by law.

All reports received will be reviewed immediately to determine whether an investigation is warranted. Every attempt will be made to resolve internal violations at the lowest level of administrative review. However, after a determination of the seriousness of the violation has been made, other administrators may also become involved. When criminal activity is suspect, appropriate civil authorities may become involved. When the investigation involves the Internal Auditing Department, the Office of General Counsel, or the UHS Institutional Compliance Officer, the appropriate campus Vice President will be notified as well as the Director, Human Resources/Affirmative Action.

Based upon the findings, appropriate action will be taken to remedy the situation.

Supervisors may contact the Director, Human Resources/Affirmative Action or the campus Institutional Compliance Officer (Director of Business Services) at any time for guidance and assistance in resolving standards of conduct violations. Also, employees may call the State of Texas Ethics Commission (512) 463-5800 for guidance.

### **Sanctions for Violations of Employee Standards of Conduct**

Standard of Conduct violations, depending upon the severity, may subject the employee to disciplinary action up to and including dismissal, as well as to the possibility of criminal charges and prosecution.

### **Summary of Disclosure and Reporting Requirements**

1. In accordance with Board of Regents Policy 57.01.3, copies of the laws and Board of Regents Policies listed below are to be distributed to an employee by the Human Resources Office upon initial employment and annually by the University of Houston System Board of Regents' office.
  - Statutory Standards of Conduct for State Employees, 572.051, Texas Government Code
  - General Appropriations Act Article IX, 5. Political Aid, Legislative Influence
  - Board of Regents Policy: Section III Academic and Student Success

Ø Academic Freedom (21.03)

Ø Sexual Harassment (29.02)

- Board of Regents Policy: Section VI - Administration and Finance

## UNIVERSITY OF HOUSTON-VICTORIA

- Ø Consulting and Paid Professional Service (57.02)
- Ø Dual Employment (57.04)
- Ø Nepotism (57.07)
- Ø Conflicts of Interest (57.08)

- Board of Regents Policy: Section VIII External Affairs

### Ø Governmental Appearances (81.01)

1. UHS Policy Distribution - In accordance with UHS Administrative Memorandum 02.A.29, Ethical Conduct of Employees, copies of this policy are to be distributed to all university employees annually. The annual distribution may be by e-mail.
2. UHV Policy Distribution - Copies of university policy C-8, Employee Standards of Conduct, are to be distributed upon initial employment and then electronically, annually to all employees.
3. Faculty Consulting or Outside Paid Professional Activity Disclosure - In accordance with Board of Regent policy 57.02.5, Faculty who wish to arrange consulting or other paid professional activities must provide prior written notification and receive written approval from their dean. Review by their dean of such activities will include consideration of any real or apparent conflict of interest and the benefit of the proposed service to the system and the component university.
4. Exempt Staff Consulting or Paid Professional Activity Personal Disclosure - In accordance with Board of Regent policy 57.02.6, professional or administrative staff who wish to arrange consulting or other paid professional activities must obtain prior written approval from the appropriate supervisor. While consulting is a recognized aspect of faculty activities with the limitations noted in this document, consulting by professional or administrative staff must be justified on an individual basis by clear and direct benefit to the system.
5. Institutional Reporting of Outside Consulting, Employment or Expert Witness Services - Annually, during the first quarter, faculty and exempt professional staff will be surveyed by the Provost's Office for any consulting, outside employment, or expert witness activities. The information will be forwarded to the appropriate state office with an information copy to the UHS General Counsel's office.
6. University employees are asked to report violations of this policy or any law, regulation or other occurrence of institutional noncompliance, whenever observed, to one of the following: the employee's immediate supervisor, the HR/AA Director, the Institutional Compliance Officer or anonymously to the telephone number provided on the University's Institutional Compliance website.
7. Employee Disclosure and Annual Reporting of Related Party Interests- Annually, within the first quarter, the Department of Business Services will obtain signed disclosure statements from all faculty and staff in a position to originate purchase requests or influence purchasing decisions of any possible conflict of interest situations. Information is reported in accordance with UHS Administrative Memorandum 02.A.29. Disclosures are required from any employee who
  - has previously disclosed a related party interest, or

## UNIVERSITY OF HOUSTON-VICTORIA

- will serve in a supervisory capacity at a department level or higher in the coming fiscal year, or
  - is in a position to make final purchasing decisions. (this category includes all delegated departmental purchasers and ProCard users), or
  - has signature authority on any university cost center, or
  - can personally benefit from a relationship or business transaction.
8. Financial Statement Report - In accordance with UHS Administrative Memorandum, 02.A.29, Section 5.2, the President is required to submit an annual financial statement with the Texas Ethics Commission using forms prescribed by the Commission.
9. Procurement Disclosure Report- In accordance with UHS Administrative Memorandum 02.A.29, Section 5.2, certain employees, including vice presidents, employees at the director level or higher, employees who are over procurement and contracting functions, and those others considered by the campus to have high-level procurement responsibilities shall file with the chief financial officer of each component a report disclosing the following information:
- The amount of any compensation received for services related to these associations; and
  - Known information regarding whether any of the organizations cited have any relationship to the University of Houston System and a description of the relationship.

### Questions/Comments

Any questions and/or comments regarding this policy should be directed to the Business Services Department.

### References

1. Board of Regents Policy 57.01, Code of Ethics, Section VI - Administration and Finance ([http://www.uhsa.uh.edu/board-of-regents/policies/index.php#BOR Policies Section VI](http://www.uhsa.uh.edu/board-of-regents/policies/index.php#BOR_Policies_Section_VI))
2. UH System Administrative Memo 02.A.29, Ethical Conduct of Employees (<http://www.uh.edu/policyservices/sam/2HumanResources/2A29.pdf>)
3. Texas Ethics Commission's [Guide to Ethics Laws for State Employees](#)
4. University Policy C-6, Nepotism ( <http://www.uhv.edu/fin/policy/c/c-6.aspx>)
5. Texas Government Code, Section 572.051, Standards of Conduct ( <http://www.ethics.state.tx.us/statutes/07ch572.htm#572.051>)

Approved By:

Signature Obtained 04/23/2019  
Robert K. Glenn, Ph.D.  
President

Next Review Date: 04/23/2024  
Originator: Business Services

## UNIVERSITY OF HOUSTON-VICTORIA

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### Financial Aid Conflict of Interest Certification

Can be found on UHV Compliance Website under Standards of Conduct at [www.uhv.edu/compliance/pdf/FY2009/Financial\\_Aid\\_Conflict\\_of\\_Interest.pdf](http://www.uhv.edu/compliance/pdf/FY2009/Financial_Aid_Conflict_of_Interest.pdf)

### **Financial Aid Employee Standards of Conduct and Conflict of Interest Certification**

**Instructions:** *All Financial Aid (FA) employees are to complete this certification, which supplements University Policy C-8, Employee Standards of Conduct, annually by August 31st. New FA employees are to complete within 30 days of employment.*

**Distribution:** *Original to employee's personnel file. Copy to employee. Copy to Financial Aid Director.*

As a University of Houston-Victoria (UHV) financial aid employee, I am expected to always maintain exemplary standards of professional conduct in all aspects of carrying out my responsibilities, specifically including all dealings with any entities involved in any manner in student financial aid, regardless of whether such entities are involved in a government sponsored, subsidized, or regulated activity. In doing so, I understand I will:

1. Refrain from taking any action for personal benefit.
2. Refrain from taking any action I believe is contrary to law, regulation, or the best interests of the students and parents I serve.
3. Ensure that the information I provide is accurate, unbiased, and does not reflect any preference arising from actual or potential personal gain.
4. Be objective in making decisions and advising the Financial Aid Director regarding relationships with any entity involved in any aspect of student financial aid.
5. Refrain from soliciting or accepting anything of other than nominal value, (retail value of not more than \$10) from any entity, other than an institution of higher education or a governmental entity such as the U.S. Dept. of Education, involved in the making, holding, consolidating or processing of any student loans, including anything of value (including reimbursement of expenses) for serving on an advisory body or as part of a training activity of or sponsored by any such entity.
6. Avoid all actual or perceived conflicts of interest, promptly disclosing to the university, in such manner as UHV prescribes, any involvement with or interest in any entity, including any family members attending UHV, UHSCR, or UHSSL involved in any aspect of student financial aid.

I further understand that:

1. I cannot award and disburse the same transaction.
2. I cannot participate in the selection, award, or administration of any scholarship, grant or loan award supported or funded by Federal, State or University funds if a real or apparent conflict of interest exists. I understand that a conflict of interest arises when I, my

**UNIVERSITY OF HOUSTON-VICTORIA**

immediate family, partner, or other organization which employs or is about to employ any of these parties, has a financial or other interest in my decision.

- 3. I cannot manipulate the dates of award of any scholarship, grant or loan that may be perceived as favorable to myself or any family member.

**Acknowledgement and Certification:**

I understand my responsibilities as stated above and that I have a responsibility to promptly report any real or apparent conflict of interest, violations of laws or regulations, fraud, theft or other irregularities to the Director of Financial Aid.

To my knowledge, there are no actual or potential conflicts of interest where an independent observer might reasonably question my actions or decisions were determined or motivated by considerations of personal gain. I further understand that I may be subject to civil fines and disciplinary action up to and including termination and/or prosecution in the event of intentional fraud or other serious violation of these standards.

\_\_\_\_\_  
Employee Signature                      Date                      Financial Aid Director Signature

\_\_\_\_\_  
Printed Name

**Notes:**

- 1. Family is defined as the employee’s spouse, the employee’s or the spouse’s natural and adopted children, grandchildren, and great-grandchildren; parents, grandparents, and great-grandparents; brothers, sisters, half brothers, and half sisters; aunts, uncles, nieces, nephews, first cousins, and second cousins; and persons married to them

E-7    Related Party  
[www.uhv.edu/fin/policy/e/e-7.aspx](http://www.uhv.edu/fin/policy/e/e-7.aspx)

**SECTION: PURCHASING INDEX: E-7**

**SUBJECT: RELATED PARTY DISCLOSURES**

**Policy**

Employees of the University of Houston-Victoria shall avoid using their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business, or other ties. University employees

## UNIVERSITY OF HOUSTON-VICTORIA

shall exercise the utmost good faith in all transactions, activities, and behaviors related to their duties to the UH System, its property, and resources. Faculty, administrators and staff in a position to personally benefit from a transaction entered into by the University of Houston-Victoria or other UHS components shall annually complete a disclosure statement regarding related party interests as required by UHS Administrative Memorandum 03.A.17. (References)

**Prior** to an employee or any member of the employee's family entering into any related party relationship or accepting any benefit, the employee must submit a detailed written disclosure of the proposed relationship for review and a final determination.

### Definition

*Conflict of Interest:* A situation in which there is a divergence between the employee's private interests and professional obligations to the University, such that an independent observer might reasonably question whether the employee's actions or decisions are determined by considerations of private gain, whether financial or otherwise, to the University's detriment. Such a situation may result from consulting or other outside employment, a relationship defined as a related-party interest, or any other relationship that results in a gift or benefit to the employee.

*Related Party Interest:* A business or personal relationship that exists between an employee and an outside individual or organization that may influence the employee's actions or decisions due to considerations of private benefit – financial or otherwise – and/or may create or be perceived as creating a conflict of interest.

### Procedure

The Related Party Disclosure will be completed annually online as part of a reporting process initiated by the UH System. Related Party Disclosures are to be completed by all full-time faculty, all exempt staff and non-exempt employees in a position to originate purchase requests or influence a purchasing decision. Examples include using a procurement card to make a purchase, creating or approving purchase requisitions or vouchers, selecting a vendor or contractor or negotiating or signing a contract.

Texas Government Code 2261.252 requires employees to provide disclosure of potential conflicts of interests. (References) To avoid timing problems associated with the annual reporting, prior to an employee or any member of the employee's family entering into any related party relationship or accepting any benefit, the employee must submit to his or her department head a detailed written disclosure of the proposed relationship. The written disclosure shall include:

- The name and relationships of the individual entering into the relationship or activity;
- The nature of the pending activity or relationship;
- The relationship between the outside entity and the university;
- Any benefits to be gained by the employee or family member; and
- A description of how the employee will ensure separation of interests between the commitment to the outside party and to the university.

## UNIVERSITY OF HOUSTON-VICTORIA

The employee's department head shall review the information provided and request any additional information which may be considered relevant. Indicating whether he/she believes that a conflict of interest may be present, the department head shall forward the written disclosure through appropriate channels to the Executive Committee for final determination of the proposed activity.

Should a situation be identified in which an employee is involved in any business or professional activity or relationship and/or has accepted any benefit that creates a conflict of interest or commitment with the employee's responsibilities to the university, the Chancellor will be informed and the UHS Department of Internal Auditing may be contacted to investigate. Depending upon the results of the investigation, the employee may be subject to disciplinary action up to and including dismissal and possibly criminal charges.

Deans and department heads should at least annually discuss related party interests and potential conflict of interest with their employees.

### References

1. UHS Administrative Memorandum, 03.A.17 Disclosure of Related Party Interests
2. Texas Government Code 2261.252, Disclosure of Potential Conflicts of Interests

Approved:

Signature Obtained

Raymond V. Morgan, Jr., Ph. D.  
President

Date  
12/14/17

Originating Department: Finance Department

Next Review Date: December 2022

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Audit and Compliance

**ITEM:** Report on University of Houston System, Annual Fraud Prevention and Awareness Report, Fiscal Year 2020

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

The Audit & Compliance Committee Planner, item number 5.05, requires the Committee to evaluate management's identification of fraud risks, the implementation of antifraud prevention and detection measures, and the creation of the appropriate "tone at the top" by reviewing an annual report which summarizes the fraud risk analyses and related risk mitigation strategies. All institutions conducted fraud risk assessments and other activities to enhance their fraud prevention and awareness programs.

Key activities from each component are included in their report:

- University of Houston and UH System Administration
- University of Houston Clear Lake
- University of Houston Downtown
- University of Houston Victoria

**SUPPORTING**

**DOCUMENTATION:** Annual Fraud Prevention and Awareness Report, Fiscal Year 2020

**FISCAL NOTE:**

**RECOMMENDATION/  
ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System



\_\_\_\_\_  
CHIEF AUDIT AND COMPLIANCE EXECUTIVE Phillip W. Hurd

11-17-2020  
DATE



\_\_\_\_\_  
CHANCELLOR Renu Khator

11/17/2020  
DATE

**University of Houston System  
Annual Fraud Prevention and Awareness Report  
FY 2020**

The Audit Committee Planner, Item 5.05, requires the Committee to evaluate management's identification of fraud risks, the implementation of fraud prevention and detection measures, and the creation of the appropriate "tone at the top" by reviewing an annual report which summarizes the fraud risk analyses and related risk mitigation strategies. Listed below are the reports from each university.

**University of Houston and UH System Administration**

In October 2020, UH and UHSA departments completed their 15th annual online Department Fraud Risk Survey to identify internal controls within their department that need to be strengthened in order to prevent and detect fraud. In addition, processing units and other offices that have a far reaching effect on campus operations (Purchasing, Payroll, Information Technology, etc.) completed an Institutional Fraud Risk Survey to identify procedures within their units that may need improvement. The fraud risk surveys are completed annually to remind administrators and unit heads of their responsibilities, so that they remain vigilant in fraud prevention and detection.

During October - November 2020, all UHS employees are required to complete online Ethics, Compliance, and Fraud training. This is the 14th year that training has been required for fraud and ethics. The purpose of this training is to raise awareness of appropriate and inappropriate behavior for UHS employees, encourage compliance, fraud prevention and detection, and encourage the reporting of suspected non-compliance and fraudulent activity.

In addition, Conflict of Interest and Procurement training was provided for the sixth year in a row to educate employees about state procurement requirements and how employees should avoid possible conflicts of interest. This annual training must be completed by full-time faculty, full-time exempt staff, and non-exempt staff with procurement responsibilities at all UHS universities.

Procurement cards (P-Cards) reduce the time and effort required to make small-dollar purchases and decrease the number of employee reimbursements. Also, Travel Cards are a convenient tool to pay for airfare, hotels, rental cars and other UH travel expenses. However, P-Card and Travel Card transactions must be carefully reviewed to ensure all transactions are appropriate and documented. In addition to reviews within each department, Accounts Payable reviews selected P-Card transactions for appropriateness and documentation. If Accounts Payable discovers any irregular activity, it is reported to Internal Audit for further investigation. All P-Card and Travel Card cardholders are required to complete online training prior to receiving a credit card and annually thereafter. Also, P-Card and Travel Card applicants are required to pass a criminal history investigation prior to receiving a credit card.

In November 2015, all UH departments began using the Concur Travel Management System to document pre-trip approval and post-trip expense reports. Concur provides more control over travel expenses, which makes it more difficult to commit fraud. For instance, Concur requires receipts for certain types of travel expenses (airfare, hotels, rental cars, etc.) and for all Travel Card transactions regardless of amount or type. Also, 100% of Travel Card transactions are reviewed and approved by Accounts Payable in Concur, whereas only a portion of Travel Card transactions were reviewed by AP previously. The user, date, and time are stored automatically for all travel requests and expense reports created, documents uploaded, approvals made, and comments entered in Concur. Therefore, Concur provides more transparency to the travel process.

In FY 2020, the University of Houston began the implementation of an external Vendor Management System called PaymentWorks which will be used for all new vendor set up and vendor information changes for the System. This system requires all vendors to make their own information updates via an encrypted environment. PaymentWorks also provides the System with additional vendor data confirmations including matching tax identification number to vendor legal name, address verification, and matching bank account and name information. These validations will help the System to eliminate fraudulent requests for changes, reduce the risks of manual processes, to have assurances that vendor information is current and correct, and to know that the vendor is who they say they are.

Finally, UH Finance maintains a link to fraud and institutional compliance frequently asked questions on the Finance home page ([www.uh.edu/finance](http://www.uh.edu/finance)), which includes instructions for reporting suspected fraud and non-compliance through the Convercent telephone hotline or web link.

### **University of Houston-Clear Lake**

The University of Houston-Clear Lake formally established the campus Institutional Compliance program on October 29, 2002, which has oversight responsibility for fraud prevention and awareness activities. The Vice President of Administration and Finance is designated as the campus contact person for fraud and prevention.

Department of contract administration administers P-card. P-card training is mandatory for all P-card holders, P-card processors and the P-card administrator. A three-tier system established to mitigate any fraud that may occur with an unauthorized P-card transaction or a fictitious vendor. UHCL's purchases via P-card average \$110,000/month in FY 2020. In addition to the annual mandatory training sessions, individual training and departmental training sessions were conducted with new cardholders through-out the year. P-Card administrator is a member of the Employee Separation Clearance process who are responsible for ensuring P-cards cancelled when an employee terminates employment with the university; transfers to a different department and/or misuses the P-card and/or violates university policy.

UHCL's review of selected operations included change funds and service department's inventories. Change fund audits conducted on selected departments that collect cash payments from customers. No significant discrepancies reported for the quarter ended August 31, 2020. UHCL also physically verified service departments' inventories at fiscal year-end

UHCL's continues to conduct random physical inventory checks in addition to the annual physical inventory done in FY 2020. The spot checks have provided some level of assurance that departmental property custodians are submitting accurate information regarding changes to their inventories. This also ensures the importance of accountability and maintaining control of university property. In addition, UHCL Asset Management Coordinator is a member of the Employee Separation Clearance process who ensures and verifies that the employees have returned the property assigned to them prior to their separation from the university.

### **University of Houston-Downtown**

The UHD Accounts Payable (AP) department processed over 11,000 vouchers during FY 2020, with every voucher being audited in AP to ensure that the amounts being paid were legitimate and correct. The payments must be made in accordance with appropriate contracts and purchase orders which comply with State, UHD and UH System policies. AP technicians who perform these audits receive training on detecting possible fraudulent transactions, as well as any incorrect or inappropriate transactions, and reporting them to AP department management.

During FY 2020, many employees experienced random online attempts to defraud the University, (phishing), including bogus invoices asking for payments for materials or services that were never rendered and fake emails from high ranking University and System Officials asking our Accounts Payable (AP) office to make payments to certain vendors. These attempts were easily discovered by the Director of AP/Travel and the Associate Director of AP and the emails were shared with IT Security. These efforts to defraud the University were also shared with AP personnel and Departmental Administrators to make clear that they need to be extremely vigilant and closely check every document that is received, especially if received electronically.

The administrative personnel for all 71 UHD departments participated in the annual Fraud Prevention Survey during the June - July 2020 timeframe. The survey is intended to identify internal controls within each department that may need to be strengthened in order to prevent and detect fraud, and to remind administrators and department heads of their responsibility to remain vigilant in fraud prevention and detection throughout the upcoming year. No significant problems or trends were noted in the results of the UHD Annual Fraud Prevention Survey.

UHD continues to conduct random physical inventory checks on a monthly basis. The purpose of the random inventories is to remind department Property Custodians of the importance of maintaining control of University property and following the Property Management procedures for maintaining accountability of all property on a year-round basis. Additionally, the University Property Manager is included as a signer on the Employee Separation Clearance Form so as to ensure that University Property assigned to employees is returned prior to the employees' departure.

UHD's purchases via P-Cards averaged \$167,000/month in FY 2020, which is lower than the FY 2019 average of \$219,000/month. This was because of decreased spending due to the pandemic. Examples of P-Card fraud occurring in both the public and private sectors remain abundant.

Recognizing this exposure, UHD has 1.5 positions in its Purchasing Department that are responsible for oversight of the P-Card program. Questionable charges are subject to multiple levels of review. Based upon the severity or repetition of the violation, disciplinary action may include an email or verbal warning, retraining, suspension of the card, cancellation of the card, reimbursement to the University, and/or termination of employment with the University. In the thirteen years that UHD has been operating its P-Card program, the University has yet to experience what could be considered a major event or infraction.

### **University of Houston-Victoria**

University of Houston-Victoria continues the use of a variety of strategies within the framework of the campus Institutional Compliance Program in its efforts to prevent fraud and raise fraud awareness.

New employee orientation sessions in FY 2020 continued to focus on the importance of their role in fraud prevention and the considerable damaging effects that fraud can have on the university and the individual. The intent is that new employees have a better understanding of fraud in an educational setting and know they should report fraud when they become aware of or suspect it.

The Mandatory and Role Based Training program continues to be an important part of the campus program. The training modules focusing on fraud prevention and awareness included Fraud Awareness, Code of Ethics, Secure Our Systems and Credit Card Data Security (a role based module). The Department of Training and Development managed the training program and achieved a participation/completion rate of 97%.

The campus has implemented the use of posters posted in campus buildings and residence halls as a method of making employees and students aware of fraud and ethics violations as well as the Fraud & Non-Compliance Hotline and other reporting options.

#### **UHV Review of Select Operations**

- Identity Theft Program - The fiscal year just ended marked the 11th year of the campus Identity Theft Program that was implemented in April 2009 to help prevent fraud associated with identity theft.
- Departmental Fraud Risk Survey - The most recent Departmental Fraud Risk Survey was completed in October 2019 (the 2020 Fraud/Risk Survey is in process). All University departments completed the survey, and compliance issues were addressed. The survey increases departmental awareness of university policies and procedures and is intended to help unit heads become aware of weaknesses in their operations and internal controls that can lead to fraud.
- Financial Aid Program - A significant managed activity at UHV and most universities is the proper administration of federal, state, and campus student financial aid grants, loans, and scholarships in the Financial Aid Department. In FY 2020, approximately \$39.7 million of financial aid was disbursed involving over 4,038 students. Risk is managed through operational and internal controls reinforced with frequent audit oversight. Annually, each Financial Aid employee is required to sign a Standards of Conduct and Conflict of Interest

Certification acknowledging awareness of prohibited activities and the responsibility to report any conflict of interest, violations of law, fraud, or other irregularities promptly.

- Expenditures of State and Local Funds (including grant funds) – The University budget for FY 2020 included state appropriated and local funds (all ledgers) of \$71.0 million. As confirmed by the Comptroller and the Human Resources Director, there were no confirmed incidents of fraud in the expenditure of state and local funds for vendor voucher payments, employee reimbursements or payroll during this reporting period.
- Procurement Card Program – There were no known or reported allegations of employee fraud involving P-Card expenditures. In FY 2020, 112 active cardholders processed \$1.473 million of expenditures representing over 8,084 transactions. Annual Credit Card Data Security and P-Card refresher training continues to be required, and each cardholder must acknowledge by signature their responsibilities as a departmental purchaser. New P-Card applicants are required to pass a criminal history investigation prior to issuance of a card.

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Audit and Compliance

**ITEM:** Report on University of Houston System, Identity Theft Prevention Program -- Executive Summary, Fiscal Year 2020

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

The system-wide compliance officer is required annually to prepare an executive summary of all activities of the Identity Theft Prevention Programs of the component institutions (Audit & Compliance Committee Planner, item number 5.06).

For all components the following occur:

- Employees/Students receive automated email whenever there is a change to their information in the university database.
- All employees in positions that manage “covered accounts” that could be subject to identity theft complete mandatory annual training.

The summary reports for each institution are included in the report on file:

- University of Houston and UH System Administration
- University of Houston-Clear Lake
- University of Houston-Downtown
- University of Houston-Victoria

**SUPPORTING**

**DOCUMENTATION:** Identity Theft Prevention Program – Executive Summary, Fiscal Year 2020

**FISCAL NOTE:**

**RECOMMENDATION/  
ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System

  
\_\_\_\_\_  
**CHIEF AUDIT AND COMPLIANCE EXECUTIVE** Phillip W. Hurd

11/17/2020  
\_\_\_\_\_  
**DATE**

  
\_\_\_\_\_  
**CHANCELLOR** Renu Khator

11/17/2020  
\_\_\_\_\_  
**DATE**

**University of Houston System  
Identity Theft Prevention Program  
Executive Summary  
FY 2020**

Board of Regents Policy 42.02, Identity Theft Prevention Program, requires the system-wide compliance officer to annually prepare an executive summary of all activities of the Identity Theft Prevention Programs of the component institutions (Audit and Compliance Committee Planner, Item 5.06). Listed below are the reports from each university.

**University of Houston and UH System Administration**

All UHS employees and students receive automated email messages whenever there is a change in the University database to their bank account information, email address, home address, or W-4 withholding. The email instructs the employee or student to contact UHS Information Security if they did not initiate this change. UHS Information Security has received several inquiries as a result of this email notification, in many cases because the email notification was unexpected. Each inquiry was investigated to verify the change was authorized and legitimate.

UHS Information Security has made Spirion (formerly called Identity Finder) software available to all UHS faculty and staff for use on institutional devices. This software locates certain types of UHS defined Level 1 data, including personally identifiable information, on these devices. Through campus-wide initiatives, UHS Information Security is partnering with business owners to remove or protect Level 1 data where it is located.

The University of Houston entered into a multi-year contract with Skelton Business Equipment, which is an authorized Sharp distributor, for copier service. Like Xerox, the previous contracted vendor, Skelton will configure all UH copiers to immediately erase images on the hard drive after each job. In addition, UH Information Security works with UH departments to ensure that hard drives in copiers from other vendors are erased or destroyed before leaving the department.

In FY 2020, all UHS credit card merchants (i.e., UHS departments that accept credit cards) completed the required Payment Card Industry (PCI) compliance surveys and all were compliant based on the standards set by the credit card payment industry. The major thrust of PCI standards is the protection of personal identifying information and prevention of fraud for merchants that accept credit cards. UHS merchant employees are required to complete annual training to refresh their knowledge of PCI standards so that credit card information is protected.

UHS Information Security maintains standards for UH email distribution, so that email recipients can more easily distinguish between legitimate email and illegitimate (phishing) email that is designed to obtain personal information.

During October-November, 2020, all UH departments with “covered accounts,” as defined by the Federal Trade Commission’s Red Flag Rules, will complete their ninth annual web training

to provide appropriate department personnel with an overview of the requirements for securing personal identifying information. Each of these departments developed identity theft prevention procedures tailored to their operation.

### **University of Houston-Clear Lake**

In FY 2020, there were no known reports of confirmed identity theft fraud or the compromise of financial or other privileged information involving UHCL faculty, staff or students.

It is UHCL's policy to comply with the requirements of the FTC Red Flag Rules. Accordingly, all employees attend mandatory training when they are hired, and annually thereafter, providing them with an understanding of information security best practices, of the University's obligation to comply with state and federal privacy legislation including the FTC Red Flag Rules, of the obligations that arise as a result of contracts that the University enters into with individuals and organizations, and of their personal responsibilities to ensure that UHCL's obligations are met.

UHCL's Information Security Officer (ISO) maintains regular contact with departments that have access to sensitive, confidential, and financial information. Documented procedures designed to meet the requirements of Identity Theft Prevention Program to safeguard, identify, prevent, and mitigate identity theft have been developed, and must be reviewed and updated annually by the ISO and applicable department managers to reflect changes in the potential risks to faculty, staff and student information.

Whenever there is a change in the University's database to the bank account information, email address, home address, or W-4 withholding for a UHCL student or a member of the University's faculty or staff, an email is sent to the affected individual informing him or her of the change. The email instructs the recipient to contact University of Houston System's Information Technology Security Department if he or she did not initiate this change. Additionally, financial transactions must be approved by the appropriate manager before they can be uploaded to and processed by the financial systems.

Spirion software (previously called Identity Finder) has been purchased for use on UHCL computer workstations. Over the past few years, Identity Finder has been installed on computers in the Finance division that had been identified as being subject to the Red Flag rules, and the employees who use those computers have been encouraged to use the tool to scan their computer hard drives for sensitive information monthly. While Spirion can be an effective mechanism for locating sensitive information, its success is highly dependent upon each individual with access to sensitive information running the program regularly, visually reviewing the product's report after each run, and taking appropriate action in response to the product's findings. To address this, the ISO is currently testing options within the latest version of Spirion, and has begun discussions with UH security staff to explore more effective, centrally-managed ways of monitoring the product's use, enforcing more consistent participation in the program and expanding our user base.

## **University of Houston-Downtown**

All UHD employees and students continue to receive automated email messages whenever there is a change in the University database to their bank account information, email address, home address, or W-4 withholding. The email instructs the employee or student to contact the University of Houston System (UHS) Information Security if they did not initiate this change. UHS Security has received no inquiries during the past year as a result of this email notification.

In May 2020, UHD reconfirmed it is in compliance with Payment Card Industry (PCI) standards. The primary purpose of PCI standards is the protection of personal identifying information and prevention of fraud for merchants that accept credit cards. During FY 2020, UHD reported compliance with the new, updated and more detailed standards on ten separate Merchant Accounts. UHD currently has thirteen separate merchant accounts accepting credit card payments.

Throughout the year the Student Accounting and Cashier's Offices performs spot checks of the protocols that are in place to ensure employees do not inadvertently disclose a student's personal information. These protocols include actions such as shielding computer screens so no one can see them but the user and prohibiting the discussion of student account information without positive identification of the student. This is a Departmental Level Risk, and the results of these spot checks are reported to the Business Affairs Management and maintained for the department's Continuous Improvement Plan.

UHD continues to encourage use of the security tool "Identity Finder," which has been installed on all faculty and staff desktop PCs. The tool enables faculty and staff to search for and remove sensitive information from their computers, laptops, and other hard drive locations

During the system-wide FY 2020 mandatory training period, October – November, 2019, UHD employees working in departments that manage "covered accounts" that could be subject to identity theft, completed the UH-System Red Flag Rules mandatory training. Additionally, many of these same employees must take and pass training courses in Family Educational Rights and Privacy Act (FERPA), Fraud Awareness and Credit Card Information Security. These employees are scheduled to complete the same training during the October/November 2020 timeframe. The purpose of this training is to provide appropriate department personnel with an overview of the requirements for securing personal identifying information.

### **UHD Reported Incidents since Program Inception**

Since the Identity Theft Program was formally implemented, there have been no known reports of identity theft or compromises of financial/privileged information involving students or employees at UHD.

## **University of Houston-Victoria**

In FY 2020, there were no known reports of confirmed identity theft fraud or the unauthorized compromise of financial or other privileged information involving students or employees.

Registrar and Student Records, Financial Aid, Human Resources, Student Billing, Student Life, Student Services, and Information Technology were the original departments participating in the UHV Identity Theft Program, and the Academic Schools Online Support Technicians began participating in FY 2011 due to their responsibility for resetting certain passwords. The UHV program includes departments that oversee covered accounts as well as departments involved in operations where there is a reasonable likelihood that identity theft could occur.

General program oversight of the campus program, including implementing and updating the campus identity theft program as described in UHV Policy A-27, continues to be the responsibility of a Program Administrative Group comprised of the Campus Compliance Officer (Program Administrator), Bursar, Information Security Officer and the Human Resources Director.

#### UHV FY 2020 Awareness and Prevention Activities

- The Registrar and Student Records department sends Student Listserv email notices at the start of the fall and spring semesters informing students of the campus Identity Theft Program.
- When changes were made to employees and students email or mailing addresses they received automatic email notifications through the HRMS database confirming the change. University employees also received notifications when changes were made to W-4 and insurance information or Direct Deposit information changes were made to their personal accounts.
- Departments of Admissions and Student Recruitment, Financial Aid, Student Life, Student Services, Human Resources, Student Billing, Student Records, and Online Academic Technicians have protocols in place to help verify identity and prevent the unauthorized release of financial or other confidential personal information. These areas have been instructed to review their written protocols annually.



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Phillip W. Hurd

Chief Audit and Compliance Executive

November 10, 2020

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Audit and Compliance

**ITEM:** Report on University of Houston System, Annual Procurement Report, Fiscal Year 2020

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

Board of Regents policy 55.01.4, Reporting to the Board, requires that an annual report be submitted to the Board for:

- a. All payments for professional or consulting services made during the previous fiscal year from System-wide sources to a single entity that exceeded \$250,000,
- b. All payments for construction, equipment, goods and service contracts during the previous fiscal year from System-wide sources to a single entity that exceeded \$1,000,000, and
- c. All contracts that require enhanced contract or performance monitoring under Sections 2261.253, 2261.254 and 2261.255 of the Texas Government Code.

**SUPPORTING DOCUMENTATION:** Board of Regents Annual Procurement Report, Fiscal Year 2020

**FISCAL NOTE:**

**RECOMMENDATION/  
ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System

  
\_\_\_\_\_  
**CHIEF AUDIT AND COMPLIANCE EXECUTIVE** Phillip W. Hurd

11-17-2020  
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**DATE**

  
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**CHANCELLOR** Renu Khator

11/17/2020  
\_\_\_\_\_  
**DATE**

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT  
BOARD OF REGENTS ANNUAL PROCUREMENT REPORT  
FY 2020**

**BACKGROUND:** The Board of Regents (BOR) contracting policy established requirements for agreements requiring Board approval, delegation of authority and annual reports to the Board for certain contracts. The BOR reporting policy addressing this requirement is as follows:

55.01.4 Reporting to the Board

Following the end of each fiscal year, a report shall be submitted to the Board for:

- A. All payments for professional or consulting services made during the previous fiscal year from System-wide sources to a single entity that exceeded \$250,000,
- B. All payments for construction, equipment, goods and service contracts during the previous fiscal year from System-wide sources to a single entity that exceeded \$1,000,000, and
- C. All contracts that require enhanced contract or performance monitoring under Sections 2261.253, 2261.254 and 2261.255 of the Texas Government Code.

The report shall be subject to the Department of Internal Auditing's review for compliance with the applicable laws and UHS policies. Investment agreements are not included in this reporting requirement.

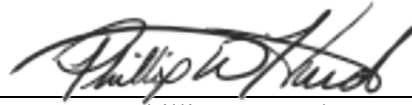
(Policy last updated 8/24/2017)

The attached reports were prepared by the UHS/UH AVP Finance/Controller to satisfy this reporting requirement. Attachment A lists all items required to be reported by BOR Policy 55.01.4.A, Attachment B lists all items required to be reported by BOR Policy 55.01.4.B and Attachment C lists all items required to be reported by BOR Policy 55.01.4.C. The methodology used to compile the information is summarized as follows:

1. Run PeopleSoft financial system queries to identify vendors whose total payments during fiscal year 2020 for professional service or consulting exceeded \$250,000;
2. Run PeopleSoft financial system query to identify vendors whose total payments during fiscal year 2020 for construction, equipment, goods and services exceeded \$1 million;
3. Examine P-Card transactions and ACH and wire transfer activity for transactions paid by P-Card or ACH/wire without vouchers to identify vendors that have been excluded from steps 1 and 2, and determine whether they should be added to the report;
4. Obtain assessment of satisfactory progress for existing enhanced monitoring contracts from business owners;

5. Review Board of Regents agenda sheets and emails from Contract Administration and Facilities Planning and Construction to identify all contracts and amendments requiring enhanced contract and performance monitoring;
6. Obtain copies of contracts and contract amendments to verify contract information and amounts;
7. Run PeopleSoft financial system queries for purchase orders to identify any contracts that should be reported that had not been identified in steps 5 and 6; and
8. Review contract spreadsheet to identify any contracts that should be reported that were not identified in steps 5, 6, and 7.

**INTERNAL AUDIT ASSURANCE:** Internal Audit conferred with staff responsible for preparing the report and obtained an understanding of the methodology for preparing the report, including the procedures and criteria used to create the report. In our opinion, the report preparation methodology appears to be reasonable and the report satisfies the annual reporting requirement for procurement activity.



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Phillip W. Hurd  
Chief Audit and Compliance Executive  
October 12, 2020

All Payments for Professional or Consulting Services during FY2020  
from System-Wide Sources to a Single Entity that Exceeded \$250,000

Attachment A

<b>Vendor</b>	<b>Description</b>	<b>FY2020 Pmt Total</b>
PAGE SOUTHERLAND PAGE INC	Architectural & Engineering	7,399,727
KIRKSEY ARCHITECTS INC	Architectural & Engineering	2,277,944
SHEPLEY BULFINCH RICHARDSON & ABBOTT INC	Architectural & Engineering	1,952,488
EYP INC	Architectural & Engineering	1,183,081
ENGINEERED AIR BALANCE CO INC	Architectural & Engineering	1,015,159
CITY OF VICTORIA	Architectural & Engineering	949,911
P B K ARCHITECTS INC	Architectural & Engineering	631,746
SMITHGROUP INC	Architectural & Engineering	577,479
INFRASTRUCTURE ASSOCIATES	Architectural & Engineering	563,083
TERRACON CONSULTANTS INC	Architectural & Engineering	410,497
AFFILIATED ENGINEERS INC	Architectural & Engineering	402,426
HELLMUTH OBATA & KASSABAUM LP	Architectural & Engineering	326,828
PGAL INC	Architectural & Engineering	283,163
COBB FENDLEY & ASSOCIATES INC	Surveying Services	271,462
MCALLISTER & QUINN LLC	Consulting for Division of Research	251,618

All Payments for Construction, Equipment, Goods and Service Contracts during FY2020  
from System-Wide Sources to a Single Entity that Exceeded \$1,000,000

Attachment B

Vendor	Description	FY2020 Pmt Total
AUSTIN COMMERCIAL, LP	Construction	51,282,810
J T VAUGHN CONSTRUCTION LLC	Construction	40,529,541
TELLEPSEN BUILDERS LP	Construction	35,613,637
FLINTCO LLC	Construction	19,977,792
COMPASS GROUP USA INC	Food Services	19,081,511
CAVALLO ENERGY TEXAS LLC	Electricity	15,724,451
BE&K BUILDING GROUP LLC	Construction	13,721,051
MORGANTI TEXAS INC	Construction	13,315,800
EBSCO INDUSTRIES INC	Library Services	8,392,751
ARTHUR J GALLAGHER RISK MANAGEMENT	Insurance	6,097,261
OVG FACILITIES LLC	Facility Custodial, Maintenance, and Food Services	5,668,431
P D MORRISON ENTERPRISES INC	Facility Management Stores	5,269,573
SOJI SERVICES	Custodial Services	4,380,194
HIED INC	Computer Equipment and Software Licenses	4,068,027
A STATUS CONSTRUCTION	Construction	3,826,394
COTTON COMMERCIAL USA INC	Construction	2,902,905
LELAND M THOMPSON INC	Furnishings and Equipment	2,790,502
HEWLETT PACKARD ENTERPRISE CO	Computer Equipment and Software Licenses	2,762,430
GROOME TRANSPORTATION OF TEXAS INC	Shuttle Bus Services	2,584,541
ORACLE AMERICA, INC	Computer Equipment and Software Licenses	2,443,265
PUBLIC BROADCASTING SERVICE	Programming Fees	2,354,069
SUMMUS INDUSTRIES INC	Computer Equipment and Software Licenses	2,291,270
J TYLER SERVICES INC	Furnishings and Equipment	2,117,457
LAYER 3 COMMUNICATIONS LLC	Telecommunications Equipment	2,051,496
AMAZON	Various Online Orders with P-Card	1,943,422
ARAMARK CORPORATION	Food Services	1,797,052
TEXAS GENERAL LAND OFFICE	Natural Gas	1,711,311
SHI GOVERNMENT SOLUTIONS INC	Computer Equipment and Software Licenses	1,666,178
G L SEAMAN & COMPANY OF HOUSTON	Furnishings and Equipment	1,646,153
WAY ENGINEERING LTD	Furnishings and Equipment	1,558,238
DPR CONSTRUCTION A GENERAL PARTNERSHIP	Construction	1,552,461

All Payments for Construction, Equipment, Goods and Service Contracts during FY2020  
from System-Wide Sources to a Single Entity that Exceeded \$1,000,000

Attachment B

<b>Vendor</b>	<b>Description</b>	<b>FY2020 Pmt Total</b>
FISHER SCIENTIFIC CO LLC	Scientific Equipment	1,548,548
M C A COMMUNICATIONS INC	Computer Equipment and Software Licenses	1,545,430
DELAWARE NORTH SPORTSERVICE INC	Food Services	1,504,534
ADVANTAGE SURGICAL PARTNERS	Optometry Surgery Management	1,487,958
NATIONAL PUBLIC RADIO	Programming Fees	1,454,162
LONE STAR COLLEGE SYSTEM	Lease/Rent Space	1,444,267
TEJAS OFFICE PRODUCTS INC	Office Supplies	1,396,293
UNIV OF TEXAS HEALTH SCIENCE CTR-HOUSTON	Student Health Services & Sponsored Research Agreements	1,359,398
COX SUBSCRIPTION INC	Library Services	1,354,179
REPUBLIC PARKING SYSTEM	Parking Management Services	1,343,060
GATESAIR INC	Construction	1,296,187
SIEMENS INDUSTRY, INC	Furnishings and Equipment	1,175,480
BAYLOR COLLEGE OF MEDICINE	Sponsored Research Agreement	1,088,842
PROQUEST LLC	Library Services	1,080,333
EAB GLOBAL INC	Membership Fees	1,077,190
NIKE USA INC	Athletic Equipment	1,050,962
CENTRE TECHNOLOGIES INC	Computer Equipment and Software Licenses	1,023,332

As of August 31, 2020

## Attachment C

Vendor Name	Contract Description	Contract Start Date	Contract End Date	Contract Amount/Max	Procurement Method	Board Approved	Performance
A Status Construction LLC	Disaster Restoration and Emergency Recovery Service Agreement (Harvey related)	9/1/2017	8/30/2020	5,000,000	Request for Proposal	5/18/2017	Satisfactory
A Status Construction LLC	Disaster Restoration and Emergency Recovery Service Agreement	6/1/2018	5/31/2023	10,000,000	Request for Proposal	5/18/2017	Satisfactory
A Status Construction LLC	Katy Academic Building Parking Lot and Access Boulevard	2/8/2019	8/27/2019	2,175,000	Request for Proposal	5/24/2018	Satisfactory
Academic Partnerships	Online Degree Program Marketing and Management	1/31/2019	1/30/2025	11,780,717	Sole Source	8/23/2018	Satisfactory
Academic Partnerships	On-line Marketing for Degree Programs	1/1/2018	5/31/2024	9,562,840	Request for Proposal	3/8/2018	Satisfactory
Adroit Partners LLC	UHS Temporary Staffing Services	7/1/2016	6/30/2021	7,000,000	Request for Proposal	8/20/2014	Satisfactory
Advantage Surgical Partners, LLC	Ambulatory Surgery Center Management	11/1/2017	10/31/2022	4,500,000	Request for Proposal	8/24/2017	Satisfactory
AHI Facility Services Inc	Custodial Services	12/1/2018	12/1/2019	2,500,000	Request for Proposal	5/24/2018	Satisfactory
All Things Commercial LLC	UH Facilities Make Ready Services contract	8/1/2017	7/31/2020	4,000,000	Request for Proposal	5/18/2017	Satisfactory
Andy Frain Services	Athletic Department Event Management Services	8/1/2016	7/31/2021	3,000,000	Request for Proposal	5/19/2016	Satisfactory
Anthony Travel	Athletics Team Travel	9/1/2017	8/31/2022	2,500,000	E&I Purchasing Cooperative C	8/24/2017	Satisfactory
Armko Industries	Continuing Services Agreement (CSA) for Building Envelope Services	9/1/2018	9/1/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Atkins North America Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Austin Commercial LP	Quadrangle Housing Replacement Construction	11/16/2018	7/1/2020	96,775,000	Request for Qualifications	10/2/2018	Satisfactory
Aviles Engineering Corporation	Materials Testing	5/9/2014	8/31/2018	1,250,000	Request for Qualifications	8/23/2018	Satisfactory
Aviles Engineering Corporation	Continuing Services Agreement (CSA) for Materials Testing	9/1/2018	8/31/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Bank of America	Treasury Management and Merchant Services	6/1/2019	6/1/2024	25,200,000	Request for Proposal	8/23/2018	Satisfactory
Bank of New York Mellon	Custody Services	7/10/2018	7/10/2023	1,200,000	Request for Proposal	11/16/2017	Satisfactory
BE&K Building Corp LLC	UHV Student Center and Learning Commons Construction	8/31/2016	3/7/2019	22,697,164	Request for Proposal	5/19/2016	Satisfactory
BE&K Building Group LLC	UHV Science, Technology, Engineering, and Mathematics Building	11/14/2018	11/1/2020	21,586,690	CSP	8/23/2018	Not Satisfactory
BKD LLP	External Audit Services	11/7/2018	8/31/2021	Aprox. 1.3M	Request for Qualifications	3/8/2018	Satisfactory
Blackmon Mooring of Texas Inc.	Disaster Restoration and Emergency Recovery Service Agreement	9/1/2017	8/30/2021	1,300,000	Request for Proposal	5/18/2017	Satisfactory
Blackmon Mooring of Texas Inc.	Disaster Restoration and Emergency Recovery Service Agreement	6/1/2018	5/31/2021	10,000,000	Request for Proposal	5/18/2017	Satisfactory
Brave/Architecture Inc.	UH-Victoria Sophomore Housing (Design)	4/11/2017	8/27/2019	1,397,424	Request for Qualifications	8/20/2015	Satisfactory
Brazos Urethane, Inc.	Jaguar Suites Roof Replacement	1/17/2019	7/30/2019	1,975,820	Request for Proposal	8/23/2018	Satisfactory
Brown & Root Industrial Services LLC	Disaster Restoration and Emergency Recovery Service Agreement	9/1/2017	8/31/2022	5,000,000	Emergency Procurement	11/16/2017	Satisfactory
Campos Engineering Inc.	Continuing Services Agreement (CSA) for Testing, Adjusting, and Balancing	9/1/2018	8/31/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Charter Roofing Company Inc	UH On-Call Roof Repair Services	9/1/2016	8/31/2019	1,000,000	Request for Proposal	5/19/2016	Satisfactory
Chartwells Education Services (Compass Group)	UHS Dining Services Operations	7/1/2017	7/1/2022	20,000,000	Request for Proposal	5/18/2017	Satisfactory
Ciber, Inc.	UH PeopleSoft Campus Solutions Implementation at UHD	10/31/2016	10/31/2018	1,200,000	Texas Department of Informa	8/25/2016	Satisfactory
Cotton Commercial USA	Disaster Restoration and Emergency Recovery Service Agreement	6/1/2018	5/31/2023	10,000,000	Request for Proposal	5/18/2017	Satisfactory
Courtney Harper + Partners LC.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Credentials Inc	UH Transcript Service (Revenue Contract)	4/26/2016	8/31/2021	2,500,000	Request for Proposal	11/19/2015	Satisfactory
DBR Engineering Consultants, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2020	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
DLR Group Inc of Texas	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Doctors Hospital at Renaissance	UH Pharmacy Student Field Training	12/23/2016	12/22/2022	4,350,000	Sole Source	12/1/2016	Satisfactory
DPR Construction	Hilton Expansion & Renovation	9/23/2019	12/31/2022	22,210,000	Request for Qualifications	2/28/2019	Satisfactory
EBSCO Information Services	UH EBSCO Information Services for Library	9/1/2015	8/31/2020	24,188,000	Request for Proposal	2/19/2015	Satisfactory
EBSCO Information Services	UHD Electronic Library Resources	8/25/2014	8/31/2020	4,093,549	Sole Source	8/24/2017	Satisfactory
Education Advisory Board	Student Success Collaborative	12/13/2017	11/29/2022	3,324,482	Sole Source	11/16/2017	Satisfactory
Efficiency Energy LLC	UH Energy Policy Act Coordinator 179D Tax Credit (Revenue Contract)	7/8/2016	7/7/2019	6,000,000	Request for Proposal	5/19/2016	Satisfactory
Engineered Air Balance Co. Inc.	Continuing Services Agreement (CSA) for Commissioning Services	9/1/2018	8/31/2022	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Engineered Air Balance Co. Inc.	Continuing Services Agreement (CSA) for Testing, Adjusting, and Balancing	9/1/2018	8/31/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Ex Libris (USA) Inc	Library Services Platform	5/31/2019	5/30/2024	1,608,719	Request for Proposal	3/8/2018	Satisfactory
EYP, Inc.	UH Quadrangle Housing Replacement Design	1/27/2017	2/29/2020	5,584,824	Request for Qualifications	10/2/2018	Satisfactory
EYP, Inc.	Parking Garage #6	9/5/2018	9/30/2020	3,010,305	Request for Qualifications	3/8/2018	Satisfactory
FKP Architects Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Flintco - A Status Construction	UH Garage #5 Construction Contract	3/14/2018	10/1/2019	46,360,000	Request for Qualifications	2/23/2017	Satisfactory
GatesAir, Inc.	KUHF / KUHT Transmitter	4/8/2019	4/7/2021	1,310,849	Request for Proposal	8/23/2018	Satisfactory
General Land Office	Natural Gas	1/1/2019	12/31/2023	12,000,000	Request for Proposals	3/8/2018	Satisfactory
General Land Office/Cavallo	Electricity	1/1/2019	12/31/2023	100,000,000	Request for Proposals	3/8/2018	Satisfactory
Graphtec	UH Wayfinding Signage Installation	12/11/2015	12/10/2020	2,500,000	Request for Proposal	11/19/2015	Satisfactory
Green Building Solutions Inc	Continuing Services Agreement (CSA) for Commissioning Services	9/1/2018	8/31/2022	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Groome Transportation of Texas	Shuttle Bus Services	1/1/2019	12/31/2025	25,954,400	Request for Proposal	11/16/2017	Satisfactory
HarrisonKornberg Architects, LLC.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Hellmuth, Obata and Kassabaum LP.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
HIED	Volume Licensing Agreement	10/29/2018	10/29/2021	2,697,573	Request for Proposal	8/23/2018	Satisfactory
Huitt-Zollars, Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Infrastructure Associates Inc	UH Design Services for Repairs to Science and Engineering Research Center	5/9/2017	12/31/2019	1,029,108	Request for Qualifications	8/25/2016	Satisfactory
Infrastructure Associates, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2020	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Jacobs Project Management Company	UHS Project Manager Augmentation	5/9/2016	5/31/2019	5,000,000	Request for Proposal	5/24/2018	Satisfactory
Jampro Antennas, Inc	KUHF / KUHT Antenna System	12/12/2018	8/31/2020	1,094,198	Request for Proposal	8/23/2018	Satisfactory

As of August 31, 2020

## Attachment C

Vendor Name	Contract Description	Contract Start Date	Contract End Date	Contract Amount/Max	Procurement Method	Board Approved	Performance
JBCR Inc DBA Skelton Business Equipment	UH Copier Service	8/1/2016	7/31/2021	7,500,000	Request for Proposal	5/19/2016	Satisfactory
JONMAR Electric Inc.	Electrical Systems Maintenance and Repair Services	9/1/2018	8/31/2021	2,000,000	Request for Qualifications	8/23/2018	Satisfactory
JT Vaughn Construction LLC	UH ERP Construction	8/7/2013	TBD	30,000,000	Request for Qualifications	8/25/2016	Satisfactory
JT Vaughn Construction LLC	UHD Science & Technology Building	10/20/2016	3/31/2019	61,500,000	Request for Proposal	5/18/2017	Satisfactory
JT Vaughn Construction LLC	ERP 11 - Lab Renovation and Buildout	8/13/2018	6/30/2019	2,891,873	Request for Qualifications	3/8/2018	Satisfactory
JT Vaughn Construction LLC	Parking Garage #6	10/15/2018	9/31/20	47,000,000	Request for Qualifications	3/8/2018	Satisfactory
JT Vaughn Construction LLC	UH College of Medicine Building Construction	6/26/2019	7/1/2022	64,170,000	Request for Qualifications & I	11/15/2018	Satisfactory
Kirksey Architects, Inc.	UHD Science & Technology Building	12/7/2016	12/16/2019	5,352,520	Request for Qualifications	5/18/2017	Satisfactory
Kirksey Architects, Inc.	Hilton Expansion & Renovation	7/26/2019	12/31/2022	2,482,000	Request for Qualifications	2/28/2019	Satisfactory
Kirksey Architects, Inc.	Melcher Renovation	2/8/2019	6/30/2020	1,228,200	Request for Qualifications	5/24/2018	Satisfactory
Layer 3 Communications LLC	UH Wired/Wireless LAN Access Infrastructure Installation	7/1/2016	6/30/2021	7,500,000	Request for Proposal	5/19/2016	Satisfactory
LCCx LLC d/b/a Lackey de Carvajal Cx	Continuing Services Agreement (CSA) for Testing, Adjusting, and Balancing	9/1/2018	8/31/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
M Arthur Gensler Jr and Associates Inc	UHV Student Center and Learning Commons Design	5/18/2016	10/18/2018	2,291,824	Request for Qualifications	5/19/2016	Satisfactory
MCA Communications	UHS Network Cabling Infrastructure Design and Installation Contracts	10/9/2017	10/8/2020	5,000,000	Request for Proposal	2/23/2017	Satisfactory
Metroclean	UHD Custodial Contract	7/1/2017	6/30/2022	6,362,250	Request for Proposal	2/23/2017	Satisfactory
Morganti Texas Inc	UHV Sophomore Housing Construction	5/9/2017	5/15/2020	19,556,897	Construction Manager at Risk	8/20/2015	Not Satisfactory
Morganti Tx Inc	Town Plaza Renovation	6/19/2018	8/31/2019	7,445,000	Request for Qualifications / R	3/8/2018	Satisfactory
Network Cabling Services Inc	UHS Network Cabling Infrastructure Design and Installation Contracts	9/8/2017	9/7/2020	2,100,000	Request for Proposal	2/23/2017	Satisfactory
Nike Apparel & Equipment	UH Nike Apparel & Equipment	8/1/2013	7/31/2022	6,134,441	Undetermined; 2008 contract	8/20/2015	Satisfactory
Oracle America Inc	UH Oracle America Inc. Software Maintenance	11/1/2015	10/31/2020	10,143,327	Sole Source	5/21/2015	Satisfactory
P.D. Morrison Enterprise (PDME)	UH Facility Supplies Contract	12/1/2013	11/30/2018	22,000,000	Request for Proposal	5/19/2016	Satisfactory
P.D. Morrison Enterprises, Inc.	MRO Inventory, Supplies Management and Services for Facilities Services Supplies	12/1/2018	11/30/2021	22,000,000	Request for Qualifications	11/16/2017	Satisfactory
P2MG LLC	Disaster Restoration and Emergency Recovery Service Agreement	9/1/2017	8/30/2020	5,000,000	Emergency Procurement	5/18/2017	Satisfactory
Paciolan (Spectra)	UH Ticket Software	2/1/2017	6/30/2022	1,500,000	Request for Proposal	12/1/2016	Satisfactory
Page Southerland Page AE Inc	UHS Sugar Land Academic Classroom Building Design	2/23/2017	5/31/2019	3,427,530	Request for Qualifications	5/19/2016	Satisfactory
Page Southerland Page AE, Inc	Core Renovations	1/24/2019	12/15/2024	1,365,940	Request for Qualifications	8/23/2018	Satisfactory
Page Southerland Page Inc.	UH Garage #5 Architecture/Engineering Services Contract	10/20/2017	8/31/2019	3,309,525	Request for Qualifications	2/23/2017	Satisfactory
Page Southerland Page, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2020	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Page Southerland Page, Inc. dba Page Southerland Page AE, I	UH College of Medicine Building A&E	7/19/2019	7/31/2022	7,479,168	Request for Qualifications	11/15/2018	Satisfactory
Parking Guidance System	Parking Guidance System	2/7/2018	12/31/2022	6,830,000	Request for Proposal	8/24/2017	Satisfactory
PBK Architects Inc.	UH Old Science Building Design	5/24/2017	12/31/2018	930,000	Request for Qualifications	8/25/2016	Satisfactory
PBK Architects Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Pierce Goodwin Alexander & Linville Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Price Consulting Inc	Continuing Services Agreement (CSA) for Building Envelope Services	9/1/2018	9/1/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Professional Service Industries, Inc	Continuing Services Agreement (CSA) for Materials Testing	9/1/2018	8/31/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Republic Parking System	Parking Management Services	4/1/2018	3/31/2023	5,000,000	Request for Proposal	8/24/2017	Satisfactory
Rice & Gardner Consultants, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2020	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
SBM Maintenance Contractors Inc DBA GCA Education Serv	UH Mowing Services	2/1/2016	1/31/2020	1,639,837	Request for Proposal	11/19/2015	Satisfactory
Sebesta Inc DBA NV5	Continuing Services Agreement (CSA) for Commissioning Services	9/1/2018	8/31/2022	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
Shah Smith & Associates, Inc	Cougar Substation Expansion	2/9/2015	6/1/2019	1,555,268	Request for Qualifications	8/20/2015	Satisfactory
Simpson, Bumpertz & Heger Inc	Continuing Services Agreement (CSA) for Building Envelope Services	9/1/2018	9/1/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
SmithGroup JJR, Inc.	UHV Science, Technology, Engineering, and Mathematics (STEM) Building Design	4/7/2017	6/30/2019	1,355,000	Request for Qualifications	5/19/2016	Satisfactory
SmithGroupJJR, Inc	UHS UH System Katy Academic Building Design	5/24/2017	7/31/2019	2,216,950	Request for Qualifications	8/25/2016	Satisfactory
SOJI Services Inc DBA Metroclean	UH Custodial Services Contract	9/1/2016	8/31/2020	19,000,000	Request for Proposal	5/19/2016	Satisfactory
Tejas Office Products	Office Supplies	9/1/2018	8/31/2023	10,000,000	Request for Proposals	3/8/2018	Satisfactory
Tellepsen Builders LP	UHS Sugar Land Academic Classroom Building Construction	4/7/2017	Fall 2019	43,285,000	Request for Proposal	5/19/2016	Satisfactory
Tellepsen Builders LP	UH Old Science Building Construction	7/7/2017	12/31/2018	12,025,000	Request for Proposal	8/25/2016	Satisfactory
Tellepsen Builders, LP	UHS UH System Katy Academic Building Construction	7/7/2017	6/30/2019	26,400,000	Request for Proposal	8/25/2016	Satisfactory
Tellepsen Builders, LP	Core Renovations	6/25/2019	11/30/2024	65,817,787	CMAR	8/23/2018	Satisfactory
Tellepsen Builders, LP	Melcher Renovation	1/24/2019	7/1/2020	12,024,500	Request for Proposal	5/24/2018	Satisfactory
Tellepsen Builders, LP	Multi-Disciplinary Research & Engineering Fourth Floor Lab Build-Out (Phase I)	3/3/2014	6/14/2019	44,122,611	Request for Qualifications	5/19/2016	Satisfactory
Terracon Consultants, Inc	Continuing Services Agreement (CSA) for Materials Testing	9/1/2018	8/31/2021	1,500,000	Request for Qualifications	3/8/2018	Satisfactory
TouchNet	Campus Card System	3/23/2018	3/18/2023	1,500,000	Request for Proposal	8/24/2017	Satisfactory
Triumph Cabling Systems LLC	UHS Network Cabling Infrastructure Design and Installation Contracts	9/8/2017	9/7/2020	2,100,000	Request for Proposal	2/23/2017	Satisfactory
U.S. Water Systems, Inc.	UH Water Systems Chemistry, Distribution and Maintenance Contract	9/1/2017	8/31/2022	2,250,000	Request for Proposal	2/23/2017	Satisfactory
Walter P. Moore and Associates Inc.	UH Continuing Services Agreement (CSA) for Civil Engineering Services	3/13/2017	3/13/2020	1,500,000	Request for Qualifications	8/24/2017	Satisfactory
Winstead, P.C.	Legal Services	9/1/2017	8/31/2019	1,800,000	Request for Qualifications	8/24/2017	Satisfactory
WSP USA Buildings, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2020	1,500,000	Request for Qualifications	12/1/2016	Satisfactory
Zayo Group Fiber Optics	Fiber Optic Cable Services	12/30/2004	10/12/2025	1,500,000	Request for Proposal	5/16/2019	Satisfactory

As of August 31, 2020

Attachment C

Vendor Name	Contract Description	Contract Start Date	Contract End Date	Contract Amount/Max	Procurement Method	Board Approved
ABM Texas General Services, Inc.	Campus Wide Irrigation, Landscaping and Mowing Services	2/5/2020	12/31/2022	3,000,000	Request for Proposal	5/16/2019
ABM Texas General Services, Inc.	Katy and Sugar Land Campus Facility Management	6/10/2020	7/31/2023	3,200,000	Request for Proposal	5/16/2019
ABM Texas General Services, Inc.	COVID Enhanced Cleaning	8/14/2020	8/31/2021	5,000,000	Emergency	8/10/2020
Austin Commercial	John M. O'Quinn Law Building	1/29/2020	8/31/2022	69,925,000	Request for Qualifications	2/27/2020
Blackbaud	Fundraising Constituent Relationship Management System (Software)	3/12/2020	12/31/2023	1,300,000	Request for Proposal	5/16/2019
Brand Value Accelerator, LLC	Digital Marketing	11/1/2017	8/31/2021	1,473,517	Request for Proposal	5/21/2020
Campus Management Corporation	Customer Relationship Management System	3/3/2016	8/31/2022	1,411,668	Request for Proposal	5/21/2020
Clinical Pathology Laboratories	Clinical Laboratory Services	5/29/2015	5/28/2020	1,300,000	Emergency	2/27/2020
Collegiate Enterprise Solutions, LLC dba The Registry for Coll	Executive Staffing Services	1/29/2018	8/31/2021	1,400,000	Request for Proposal	8/20/2020
DPR Construction	Houston Public Media Transmitter	11/18/2019	5/31/2020	1,600,000	CMAR	11/14/2019
EBSCO Information Services	Library Subscription Services	9/1/2020	8/31/2025	4,940,325	Request for Proposal	2/28/2019
Hewlett Packard Enterprise	High Performance Computing System	3/12/2020	6/30/2025	2,491,351	Sole Source	2/27/2020
J.R. Jones Roofing, Inc.	UH Rec Center Building Envelope and Roof Repairs	6/29/2020	5/29/2021	5,198,482	Request for Proposal	8/22/2019
JT Vaughn Construction LLC	Student Wellness & Success Center	7/6/2020	7/31/2020	29,382,250	Request for Qualifications	8/22/2019
Kitchell Contractors, Inc.	Graduate College of Social Work	11/22/2019	1/31/2021	3,390,500	CMAR	8/22/2019
Layer 3 Communications, LLC	Campus Wired Lan Wi-Fi Access Infrastructure	7/1/2016	6/30/2021	13,000,000	Request for Proposal	8/22/2019
OVG Facilities	Athletics Facility Custodial Services, Facility Maintenance Services, and Food Services	8/1/2019	7/31/2024	108,540,910	Request for Proposal	7/19/2019
Shepley Bulfinch	John M. O'Quinn Law Building	10/4/2019	3/31/2022	6,190,000	Request for Qualifications	2/27/2020
Smith Group	Student Wellness & Success Center	3/5/2020	7/31/2022	2,550,000	Request for Qualifications	8/22/2019
Winstead PC	Legal Services	9/1/2019	8/31/2020	2,000,000	Request for Qualifications	8/22/2019
Zuri Group	Fundraising Constituent Relationship Management System (Conversion & Implementation Services)	9/1/2020	8/31/2023	2,194,050	Request for Proposal	5/16/2019

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Audit and Compliance

**ITEM:** Report on University of Houston System, Internal Auditing Department – Annual Report, Fiscal Year 2020

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

The Texas Government Code, Sec. 2102, requires the Internal Auditors to submit an annual report on the activities of the Internal Auditing Department in the format prescribed by the State Auditor's Office to the members of the Board of Regents; the Chancellor; the Governor's Office of Budget, Planning, and Policy; the Legislative Budget Board; and the State Auditor's Office.

**SUPPORTING**

**DOCUMENTATION:** University of Houston System, Internal Auditing Department – Annual Report, Fiscal Year 2020

**FISCAL NOTE:**

**RECOMMENDATION/  
ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System

  
\_\_\_\_\_  
CHIEF AUDIT AND COMPLIANCE EXECUTIVE Phillip W. Hurd

11-17/2020  
\_\_\_\_\_  
DATE

  
\_\_\_\_\_  
CHANCELLOR Renu Khator

11/17/2020  
\_\_\_\_\_  
DATE

**University of Houston System  
Internal Auditing Department  
Fiscal Year 2020 Annual Report**





UNIVERSITY OF HOUSTON SYSTEM  
Internal Auditing Department  
Houston, Texas 77204-0930  
(713) 743-8000

October 7, 2020

Sarah Hicks  
Governor's Office

Internal Audit Coordinator  
State Auditor's Office

Christopher Mattson  
Legislative Budget Board

The Texas Internal Auditing Act (Act), Texas Government Code, Sec. 2102, as amended, requires the Internal Auditor to submit to you the attached report of the activities of the Internal Auditing Department for fiscal year 2020. This report contains the information presented in the format prescribed by the State Auditor's Office, as required by the Act. During fiscal year 2020, Mr. Don Guyton, after serving as the Chief Audit Executive for 32 years, retired. The University of Houston System selected me as his replacement and immediately tasked me, as the new Chief Audit and Compliance Executive, with developing a risk assessment based on industry standard methodology to use in preparing the audit plan for fiscal year 2021.

Please do not hesitate to contact me should you have any questions about the contents of this report.

Sincerely,

A handwritten signature in black ink that reads "Phillip W. Hurd".

Phillip W. Hurd  
Chief Audit and Compliance Executive

Attachment

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- IV. External Quality Assurance Review (Peer Review)
- V. Internal Audit Plan for Fiscal Years 2021
- VI. External Audit Services Procured in Fiscal Year 2020
- VII. Reporting Suspected Fraud and Abuse
- VIII. Contracting Audits at Select State Entities

**I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on the website.**

In order to comply with Texas Government Code 2102.015 requirements for posting the Internal Audit Plan and Internal Audit Annual Report, and other information on the internet, the University of Houston System Internal Auditing Department posts its Annual Audit Plan and the Internal Audit Annual Report on the UHS Internal Auditing Department's website at <https://uhssystem.edu/internal-audit/>.

**II. Internal Audit Plan for Fiscal Year 2020**

Mr. Phillip W. Hurd was chosen as the Chief Audit and Compliance Executive after Don F. Guyton retired as serving as the Chief Audit Executive of the University of Houston System's Internal Auditing Department for 32 years in January 2020. The Board immediately tasked Mr. Hurd with preparing a System-wide risk assessment based on industry standard methodology and prepare a risk based audit plan based on this risk assessment. In addition, in fiscal year 2020, the University of Houston System experienced an extreme budget shortfall due to the changing nature of student enrollment and services from the COVID-19 epidemic. Both circumstances led to the decision to continue some audits on the fiscal year 2020 audit plan and cancel others. This listing of audits scheduled from the fiscal year 2020 audit plan, indicating their corresponding audit report or status (cancelled or in progress) is represented on the next two pages.

**UHS Internal Auditing Department**  
**Audits and Audit Report Initiated in Prior Years but Carried Forward to FY20**

<b><u>Carryforward Audits from Prior Years</u></b>	<b><u>Audit Report</u></b>
UHCL, UHD, and UHV Purchasing	AR2020-07
<b><u>FY19 Carryforward Audits</u></b>	
Board of Regents Travel & Entertainment, FY 2019	AR2020-04
Chancellor/President's Travel & Entertainment, FY 2019	AR2020-05
Contract Administration (System-wide)	Cancelled
UH College of Liberal Arts & Social Sciences Departmental Review	AR2020-19
UHD Business Departmental Review	AR2020-12
UHD Sciences & Technology Departmental Review	AR2020-06
Facilities Management (System-wide)	Cancelled
Financial Aid, Scholarships (System-wide)	Cancelled
External Vulnerability and Penetration Testing - Information Technology Co-Sourced	In progress
Information Technology Governance - Information Technology Co-Sourced	In progress
Third Party Risk Management - Information Technology Co-Sourced	Cancelled

**UHS Internal Auditing Department  
FY20 Scheduled Audits and Audit Reports**

<b><u>FY20 Scheduled Audits</u></b>	
Annual Procurement Report	BOR 11-14-19
Athletics - Football Attendance Audit	AR2020-14
Athletics - NCAA Rules-Compliance	Cancelled
Board of Regents Travel & Entertainment, FY 2020	In progress
Chancellor/President's Travel & Entertainment, FY 2020	In progress
Construction and Other Contracts Requiring Board of Regents Approval	AR2020-02 AR2020-10 AR2020-15 AR2020-17
Contract Monitoring - Licensing/Trademarks	AR2020-02 AR2020-10 AR2020-16
Follow-up Reviews	AR2020-02 AR2020-10 AR2020-17
Joint Admission Medical Program (UHD)	AR2020-02 AR2020-10 AR2020-18
Special Projects/Police Investigations	Ongoing
State Benefits Proportionality, FY 2018-2019 (System-wide)	AR2020-18
THECB Facilities Development Project Review	AR2020-16
Accounts Payable (System-wide)	In progress
Enrollment Management (System-wide)	Cancelled
Executive Travel	Cancelled
Financial Aid, Designated Tuition Set Aside (System-wide)	Cancelled
UH Gerald D. Hines College of Architecture Departmental Review	Cancelled
UH Athletics Departmental Review	AR2020-13
UH Chancellor/President Departmental Review	Cancelled
UH College of Optometry Departmental Review	Cancelled
UH Texas Center for Superconductivity Departmental Review, Follow-up	Cancelled
UHCL Administration & Finance Departmental Review	Cancelled
UHCL Business Departmental Review	Cancelled
UHCL Human Sciences & Humanities Departmental Review	Cancelled
UHCL Science & Engineering Departmental Review	Cancelled
UHV Administration & Finance Departmental Review	AR2020-11
UHV Student Affairs Departmental Review	Cancelled
UHV Provost and Enrollment Management Departmental Review	Cancelled
Computer Assisted Auditing Techniques	Ongoing
IT - Review and Monitor of IT Systems (High Priority Projects)	Cancelled
Cybersecurity Follow-up/TAC 202 - Information Technology Co-Sourced	Cancelled
Education Resource Center - Information Technology Co-Sourced	IT2020-01
General Controls - Research - Information Technology - Co-Sourced	Cancelled

### III. Consulting Services and Nonaudit Services Completed

There were no consulting or nonaudit services performed during FY 2020.

### IV. External Quality Assurance Review (Peer Review)

The University of Houston Internal Auditing Department was judged to Generally Conform to IIA Standards. The June 2018 Report on the Results of the Independent Validation of the Quality Assessment Review (QAR) dated June 2018 may be found in Attachment A.

### V. Internal Audit Plan for Fiscal Year 2021

The internal auditing department obtained input from various resources, including senior leadership, risk owners/stakeholders in various areas, and a completed compliance risk to create a risk inventory. Once the risk inventory was developed, we employed an industry standard methodology considering likelihood and velocity of occurrence; elevation of owner; reputational, financial, and operational impact; and indicators of emerging risk as scoring factors to develop an audit plan. The audit plan employs a near-term, mid-term, and long-term scheduling methodology for the plan, re-examining both risks and the plan on a bi-annual basis.

In addition to the specific audits scheduled, 20% of available talent hours are reserved for Management/Board requests and investigations. Improvements in efficiencies which result in additional talent hours will be applied to near-term audits first, then to mid-term audits. Internal auditing is currently undergoing skills upgrade processes to integrate additional analytics, computer assisted auditing techniques (CAAT), robotic process automation (RPA) and basic artificial intelligence (AI).

Please see Attachment B for the Fiscal Year 2021 Audit Plan.

### VI. Internal Audit Services Procured in Fiscal Year 2020

<b>Procured External Audit Services in Fiscal Year 2020</b>	
<b>Audit Area</b>	<b>Services Provided</b>
Athletics	Annual agreed-upon procedures engagement of Intercollegiate Athletics Department.
Cancer Prevention and Research Institute of Texas	Annual agreed-upon procedures engagement of the Cancer Prevention and Research Institute of Texas.
Charter School	Annual financial audit of the Charter School.
Endowment Fund	Annual financial audit of the University of Houston System Endowment Fund.
Houston Public Media	Annual financial audit of Houston Public Media.
Information Technology Audits	Co-sourced audits of UHS risk based information technology areas.

## VII. Reporting Suspected Fraud and Abuse

*Actions taken to implement the requirements of:*

- *Section 7.09. Fraud Reporting, Page IX-37, the General Appropriations Act (86<sup>th</sup> Legislature).*
  - *Texas Government Code, Section 321.022, Coordination of Investigations.*
- 1) In accordance with Section 7.09. Fraud Reporting, Page IX-37, the General Appropriations Act (86<sup>th</sup> Legislature):
    - a) The home page of each UHS university's website contains a link which directs the user to the State Auditor's fraud reporting hotline website.
    - b) The home page of each UHS university's website contains a "Fraud & Non-Compliance Hotline" link which directs the user to each institutions' vendor supported anonymous reporting hotline.
    - c) UHS Administrative Memorandum, 01.C.04., Reporting/Investigating Fraudulent Acts, contains instructions for employees to make anonymous reports of fraud to the State Auditor's office.
  - 2) UHS Administrative Memorandum, 01.C.04., Reporting/Investigating Fraudulent Acts, requires the Chief Audit Executive to notify the State Auditor's office of suspected incidents of fraud in accordance with Texas Government Code, Section 321.022, Coordination of Investigations.

VIII. Contracting Audits at Select State Entities

**Contracting Audits Completed in Last Five Years**

<b>Report Number</b>	<b>Report Title</b>	<b>Report Date</b>
AR2016-02	Construction Award Status Report	11/19/2015
AR2016-14	Construction and Other Contracts Requiring BOR Approval	2/18/2016
AR2016-20	Construction and Other Contracts Requiring BOR Approval	5/19/2016
AR2016-27	Construction and Other Contracts Requiring BOR Approval	8/25/2016
AR2017-02	Construction and Other Contracts Requiring BOR Approval	12/1/2016
AR2017-15	Construction and Other Contracts Requiring BOR Approval	2/23/2017
AR2017-25	Construction and Other Contracts Requiring BOR Approval	5/18/2017
AR2017-31	Construction and Other Contracts Requiring BOR Approval	8/24/2017
AR2018-02	Construction and Other Contracts Requiring BOR Approval	11/16/2017
AR2018-10	Construction and Other Contracts Requiring BOR Approval	3/8/2018
AR2018-16	Construction and Other Contracts Requiring BOR Approval	5/24/2018
AR2018-21	Construction and Other Contracts Requiring BOR Approval	8/23/2018
AR2018-25	UHS Contract Administration - Food Services	8/23/2028
AR2018-26	UHS Contract Administration - Bookstore Services	8/23/2018
AR2019-02	Construction and Other Contracts Requiring BOR Approval	11/15/2018
AR2019-09	Construction and Other Contracts Requiring BOR Approval	2/28/2019
AR2019-12	UHS Contract Administration - Pouring Rights	2/28/2019
AR2019-17	Construction and Other Contracts Requiring BOR Approval	5/16/2019
AR2019-22	Construction and Other Contracts Requiring BOR Approval	8/22/2019
AR2020-02	Construction and Other Contracts Requiring BOR Approval	11/14/2019
AR2020-10	Construction and Other Contracts Requiring BOR Approval	2/27/2020
AR2020-15	Construction and Other Contracts Requiring BOR Approval	5/21/2020
AR2020-17	Construction and Other Contracts Requiring BOR Approval	8/20/2020

# ATTACHMENT A

## **Report on the Results of the Independent Validation of the Quality Assessment Review (QAR) of University of Houston System Internal Audit Program June 2018**

*Reviewers:*

*Richard Cordova, CPA*

*Pamela Doran, CPA, CIA, CISA*

*Justin Noble, CIA*

Submitted to: Mr. Don Guyton, CPA  
Chief Audit Executive  
The University of Houston System

# ATTACHMENT A



June 25, 2018

Mr. Don Guyton, Chief Audit Executive  
The University of Houston System  
Energy Research Park  
5000 Gulf Freeway, Bldg. 3, Room 281  
Houston, TX 77204-0930

Dear Mr. Guyton:

We have completed an Independent Validation of the Self-Assessment Quality Assessment Review (QAR) of the University of Houston System Internal Audit Program as required every three years by the Texas Internal Auditing Act (2102) and every five years by the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing (Standards)*. The objectives of the QAR were to:

1. Assess conformance with the IIA *Standards*;
2. Assess the effectiveness and efficiency of the Internal Audit activity in providing services to the Board of Regents and management of the University of Houston System; and
3. Identify opportunities for improving the Internal Audit Program at the University of Houston System.

Overall, it is our opinion that **the University of Houston System Internal Audit Department generally conforms to the IIA *Standards***, the highest rating available. We noted two opportunities for improvement that could improve the efficiency and effectiveness of the Internal Audit program. These are described in this report.

Sincerely,

Handwritten signature of Richard Cordova in black ink.

Richard Cordova, CPA  
Executive Director  
Internal Audit  
University of  
Washington  
Seattle WA

Handwritten signature of Pamela H. Doran in black ink.

Pamela Doran, CPA, CIA, CISA  
Chief Audit Executive  
Audit & Advisory Services  
University of South Carolina  
Columbia, SC

Handwritten signature of Justin T. Noble in black ink.

Justin Noble, CIA  
Assistant Chief Audit  
Executive  
Office of Audit Services  
Texas Tech University  
System  
Lubbock, TX

# ATTACHMENT A

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Executive Summary .....	1
Background and Scope.....	2
Opinion of Independent Review Team.....	4
Observations, Opportunities for Improvement and Management Response.....	5
Appendices.....	8

# ATTACHMENT A

## Executive Summary

An Independent Review Team made up of professionals from the University of Washington, University of South Carolina and the Texas Tech University System conducted an independent validation of the Quality Assurance Review self-assessment of the University of Houston System (UHS) Internal Auditing Department. The work was conducted in accordance with the requirements of both the *International Standards for the Professional Practice of Internal Auditing* (the Standards), and the *Generally Accepted Government Auditing Standards* (GAGAS).

The UHS Internal Auditing Department utilized and the independent review team assessed the organization using the Institute of Internal Auditors (IIA) Quality Assessment Manual, 2017 Edition. The primary purpose of a Quality Assessment Review is to determine the internal audit function's conformance with the Standards and GAGAS.

The Texas Internal Auditing Act §2102.0011, Internal Audit Standards, requires the internal audit program to conform to the Standards and the IIA's Code of Ethics contained in the Professional Practices Framework, and GAGAS. GAGAS requires an external peer review, performed by reviewers independent of the audit organization, to occur at least once every three years. Our review meets the GAGAS requirement.

The UHS Internal Audit Program was determined to **Generally Conform** to IIA *Standards and GAGAS*, the highest rating available. We noted certain strengths within the Internal Auditing Department which we feel compelled to acknowledge:

- **Well-Established Governance Tone**
- **Board of Regents and Senior Management Support and Interaction**
- **Establishment of a Co-sourced IT Audit Function**

Additionally, during the course of our work, we identified a few opportunities for improvement within the UHS Internal Auditing Department:

- **Formalize Staff Development Processes**
- **Reduce the frequency of Departmental Reviews**

Both of these opportunities are further enumerated within this report along with UHS Internal Auditing's management response.

Overall, we want to thank the University of Houston System for their hospitality, professionalism and commitment to maintaining a quality and high performing Internal Audit function.

# ATTACHMENT A

## Background and Scope

### Background

The University of Houston System (UHS) provides, through the complementary missions of its four universities, access to comprehensive higher education programs and services to the diverse community of students in the Houston metropolitan area and beyond. The Internal Auditing Department conducts independent and objective reviews of university operations and procedures and reports findings and recommendations to the UHS Board of Regents, Chancellor and other executive officers.

### UHS Internal Auditing Department

Organizationally, the internal audit function reports directly to the Board of Regents which includes the chief audit executive (CAE) reporting directly to the chair of the Board of Regents Audit and Compliance Committee. The Internal Auditing Department (IAD) has grown from six to twelve professional staff since the employment of the current CAE, 31 years ago.

The UHS IAD is a respected internal audit operation among its higher education peers. Their communication with the Audit and Compliance Committee and UHS' executive management team is thorough and one to emulate. The IAD has also been a catalyst for the establishment and use of the departmental self-assessment tool, which is found on its website.

### IIA Standards – Validation of a Self-Assessment

This Validation of the QAR Self-Assessment of the UHS IAD was performed in accordance with The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* (the Standards) utilizing the IIA's Quality Assessment Manual, 2017 Edition. The primary purpose of a Quality Assessment is to determine the internal audit function's conformance with the Standards. There are three possible outcomes of the QAR: the internal audit program generally conforms, partially conforms or does not conform with the Standards.

### Conformance with IIA Standards

Generally Conforms means that IAD has a charter, policies and processes that are judged to meet the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms means deficiencies in practice are noted that are judged to deviate from the spirit and intent of IIA *Standards*, but these deficiencies did not preclude IA from performing its responsibilities in an acceptable manner.

Does Not Conform means deficiencies in practice are judged to be so significant as to seriously impair or preclude IA from performing adequately in all or in significant areas of its responsibilities.

# ATTACHMENT A

Additionally, the Texas Internal Auditing Act §2102.0011, Internal Audit Standards, requires the internal audit program to conform to the Standards and the IIA's Code of Ethics contained in the Professional Practices Framework, and Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires an external peer review, performed by reviewers independent of the audit organization, to occur at least once every three years. Our review meets that GAGAS requirement.

## Scope

We conducted the validation of the Self-Assessment during the month of May 2018. The UHS Internal Auditing Department supplied the review team with the materials noted below in early May and we then conducted on-site procedures from May 21- 24, 2018.

## Engagement Methodology

Our procedures included review of the following documents:

- Audit Charter and other background/organizational materials regarding UHS and the internal audit program
- The charter for the UHS Board of Regents (BOR) Committee on Audit and Compliance
- UHS BOR Section V-Audit and Compliance, Policies 41.01-41.01.04
- Texas Government Code, Chapter 2101.001-*Texas Internal Auditing Act*
- System Administrative Memoranda (SAMs) 04.A.02-Audits by Internal Auditing
- QAR advanced preparation materials providing background on the internal auditing program and practices
- The annual audit plan and risk assessment process
- Selected internal audit project workpapers and reports
- Staff training histories
- Audit follow-up practices and reporting
- Results of a survey completed by audit clients

The on-site procedures included:

- Interview with the Chairperson of the UHS BOR Audit and Compliance Committee
- Interview with the UHS Chancellor
- Interviews with UHS Internal Auditing Department staff and UHS officials
- Analysis of the information reviewed and an assessment of compliance with the Standards

# ATTACHMENT A

## Opinion of Independent Review Team

Overall, **the UHS Internal Auditing Department was judged to Generally Conform to IIA Standards, the highest rating available.** While improvement opportunities remain in various areas, they did not preclude this assessment. We concluded the following individual standards Generally Conform to the IIA *Standards*:

- 1000—Purpose, Authority and Responsibility
- 1100—Independence and Objectivity
- 1200—Proficiency and Due Professional Care
- 1300—Quality Assurance and Improvement Program
- 2000—Managing the Internal Audit Activity
- 2100—Nature of Work
- 2200—Engagement Planning
- 2300—Performing the Engagement
- 2400—Communicating Results
- 2500—Monitoring Progress
- 2600—Communicating the Acceptance of Risks

# ATTACHMENT A

## Strengths, Opportunities for Improvement and Management Response

### UHS Internal Audit Program Strengths

➤ **Governance**—UHS CAE reports to the BOR Chair of the Audit and Compliance Committee. Executive sessions are held between the committee and the CAE, which evidences independence. Additionally, the CAE meets monthly with the Chair as well as the Chancellor/President and senior leaders throughout the System to discuss internal audit operations. These activities definitely demonstrate a best practice which all peer reviewers would recommend to their own institutions!

➤ **Board of Regents and Senior Management Support and Interaction**—Our interviews conveyed a high level of support for the IAD from the BOR of the UHS and senior management. The Internal Audit program is well respected and seen as collaborative; management feels comfortable seeking their opinion of problematic situations. The Internal Auditing Department at UHS is truly seen as a “trusted advisor”.

➤ **Establishment of a Co-sourced IT Audit Function**—Our work identified that the Internal Auditing Program had established since the last QAR, the use of a co-source partner to provide certain IT Audit skills. In a time when maintaining extensive and ever changing IT skill sets is a challenge for internal audit departments, UHS has moved to leverage outside experience and by all accounts the experience has been a positive one.

### Opportunities for Improvement—Internal Auditing Department

#### ➤ **Formalize Staff Development**

During interviews with Internal Auditing Management and Staff, we learned that even though the management team supports the team’s growth and training to maintain minimum standards required by the IIA, a more formal Staff Development Plan at all levels will improve the opportunities provided and employee satisfaction. This would include:

- ❖ Plans for the CAE to provide senior level staff with more exposure to the BOR and continue to provide greater opportunities for them to demonstrate their skills to senior management;
- ❖ Plans for development of the audit staff and seniors in a manner which will provide them with the opportunity to be recognized as Subject Matter Experts and Principal Auditors, which could include encouraging and supporting certifications; and,
- ❖ Plans to provide staff members at all levels the opportunity to participate in Management Development Training Programs, which will prepare high performing individuals with opportunities to move into management both within the Internal Auditing Department or elsewhere on campus.

#### ❖ **INTERNAL AUDITING DEPARTMENT’S RESPONSE:**

We have already included the Executive Director in the meetings with the Chair of the Audit and Compliance Committee and the Chancellor. The Executive Director will also begin making presentations at the Audit and Compliance Committee meeting. Audit staff will be invited to the Audit and Compliance Committee meeting when their projects are discussed.

# ATTACHMENT A

In order to further develop audit staff, we will identify skills/competencies required for each audit staff position. We will begin assessing audit staff against these skills/competencies and provide cross-training opportunities and formal training, as appropriate. As audit staff obtain the required skills/competencies, they will have opportunities to become recognized as Subject Matter Experts in various areas, including departmental reviews, information technology, and data analytics. In addition, we will encourage audit staff to pursue professional certifications and will stress the importance of professional certifications in performance evaluations.

In addition, we will work with the Human Resources Department to identify training opportunities for audit staff at all levels, including Management Development Training Programs for high performing audit staff.

We expect to have all of these areas addressed by September 1, 2019.

# ATTACHMENT A

## ➤ **Consider Reducing Departmental Reviews**

Review of the Internal Auditing program and the Internal Audit Annual Planning Documents provided to Senior Management and the BOR highlighted that a substantial amount of time has been devoted over the last five years to Departmental Reviews. While these reviews have provided valuable information on the operating challenges faced within many departments, the reviews have appeared to lose a risk-based approach and have evolved to become somewhat rotational in nature.

We believe there is an opportunity to move to a more “risk based approach” to conduct these Departmental Reviews and use the gained time to focus on audits that evaluate the controls in UHS Strategic Priorities (such as the coming Medical School) and key higher risk programs and initiatives. This would include operational reviews related to major activities at each of the institutions. This gained time could also allow the department to participate in more activities of an “advisory” nature, when requested.

## ❖ **INTERNAL AUDITING DEPARTMENT’S RESPONSE:**

We are in the process of streamlining departmental reviews to be more risk based. We expect to reduce the amount of hours expended on these reviews by increasing the use of data analytics and by eliminating audit procedures associated with low risk areas. The time gained by reducing effort on departmental reviews will be used to perform higher risk based audits, such as UHS Strategic Priorities and operational reviews of system-wide functional areas. We expect to streamline our departmental review process by January 31, 2019.



# ATTACHMENT A

## Appendix II

Interviews Conducted:

### *Board of Regents*

Mr. Roger F. Welder, Outgoing Audit and Compliance Committee, chair  
Peter Taaffe, Audit and Compliance Committee, chair

### *Senior UHS Management*

Dr. Renu Khator, Chancellor/ President  
Dr. Paula Short, Senior Vice Chancellor/Senior Vice President  
Mr. Jim McShan, Senior Vice Chancellor/ Vice President of Administration and Finance  
Ms. Dona Cornell, Vice Chancellor/ Vice President Legal Affairs/General Counsel  
Dr. Richard Walker, Vice Chancellor for Student Affairs/Vice President Student Affairs  
Dr. Dennis Fouty, Associate Vice Chancellor and Chief Information Officer  
Ms. Joan Nelson, Assistant Vice Chancellor / Vice President Human Resources  
Ms. Cris Milligan, Assistant Vice President Research Administration  
Ms. Lauren DuBois, Senior Associate Athletic Director

### *UHS Internal Auditing Department*

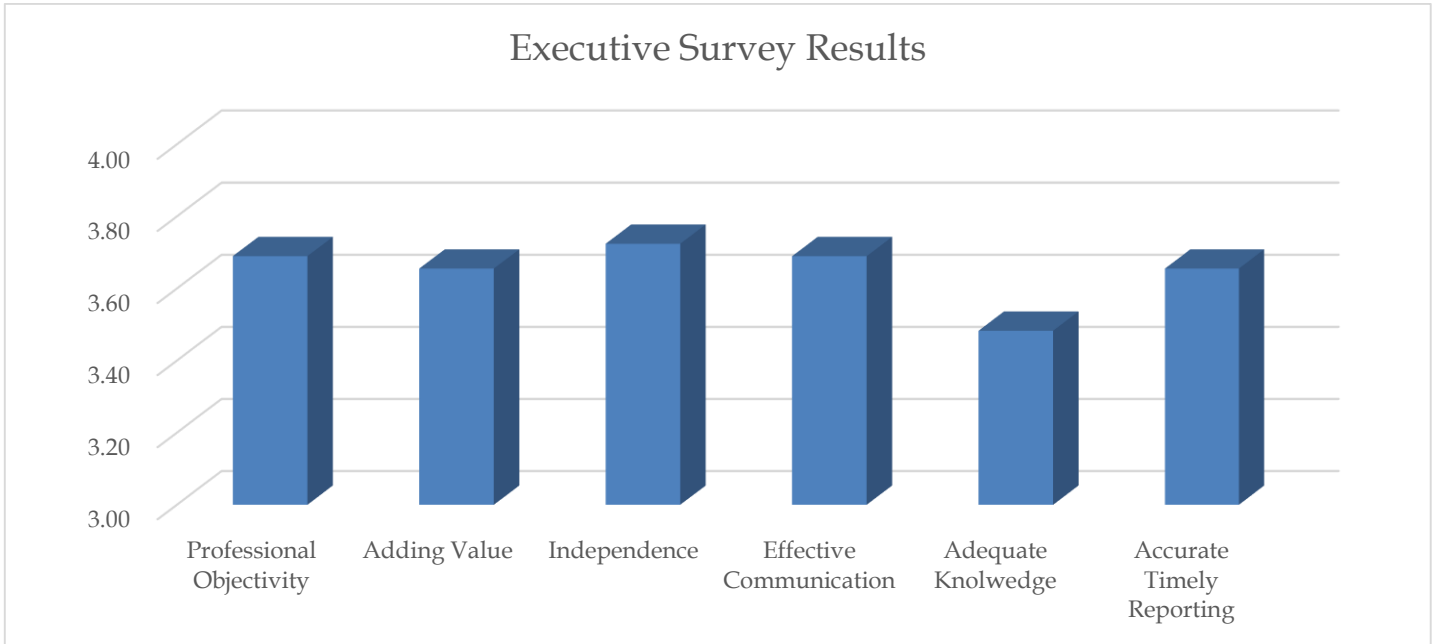
Mr. Don Guyton, Chief Audit Executive  
Mr. Russ Hoskens, Executive Director  
Mr. Randy Wong, Manager  
Mr. Jeff Collier, Senior Auditor  
Ms. Dia Mobe, Senior Auditor  
Mr. Tony Moreno, Senior Auditor  
Ms. Brandee O'Neal, Senior Auditor  
Ms. Connie Applebach, Staff Auditor II  
Ms. Tamara Davis, Staff Auditor II  
Mr. Eric Porter, Staff Auditor II  
Mr. Emily Tran, Staff Auditor II  
Mr. Eric Wright, Schneider Downs & Co. Inc. Partner – Co-Source Service Provider IT Audit

# ATTACHMENT A

## Appendix III

### Results of Surveys

#### Survey of UHS Executives evaluating the Internal Auditing Program

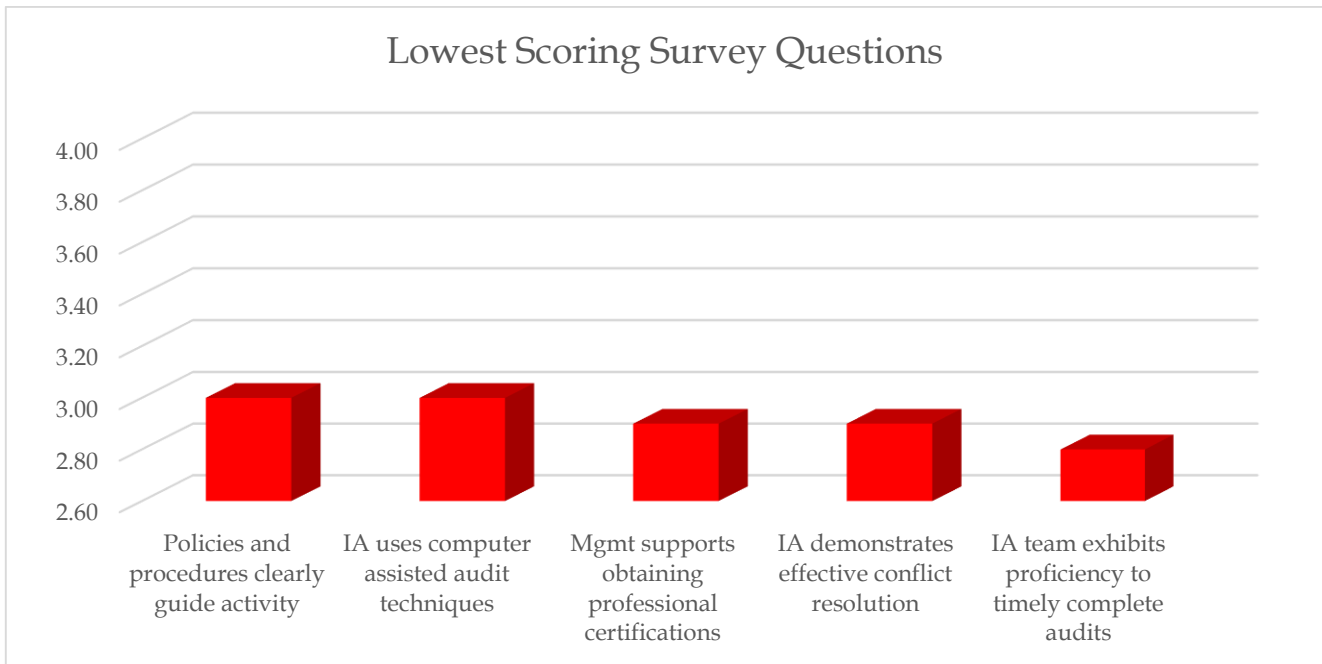


The Executive Survey asked questions related to the professionalism and conduct of the UHS Internal Auditing Program. The scale of the survey was 1 – 4 and all scores averaged from 3.48 to 3.72. Please note that a total of 29 executives responded to the Survey out of the 30+ surveys sent out – an excellent response rate of 97%.

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## Appendix III (cont.)

### Survey of the Internal Auditing Team



The Survey of the Internal Auditing Management and Staff included over 30 questions. We have included the top five scoring questions and lowest five scoring questions. We received responses on the Staff survey from all Internal Auditing Management and Staff with the exception of the CAE (as planned).

# ATTACHMENT B

Existing Year Projects that are in Progress		
TITLE	STATUS <small>(select from drop-down list)</small>	COMMENTS
Accounts Payable with Cost Recovery Component	Project Currently In Progress	Scheduled to be finished early September 2020
Accounts Receivable	Project Currently In Progress	Started August 2020
IT Governance - Schneider Downs	Project Currently In Progress	Scheduled to be finished early September 2020
Travel & Entertainment Expenditures - Board	Project Currently In Progress	Board Requested - Continual - Report in November 2020
Travel & Entertainment Expenditures - Chancellor/President	Project Currently In Progress	Board Requested - Continual - Report in November 2020
Real Estate Services	Project Currently In Progress	Scheduled to be finished in September 2020
Internal Audit (IA) Data Analytics and Value Enhancements	Project Currently In Progress	This is on ongoing skills enhancement project to integrate data analytics and increase sample size through integration of artificial intelligence (AI) and robotic process automation (RPA) into the audit process.

# ATTACHMENT B

Additions to Audit Plan Based on Risk Assessment and Risk Register										
ENGAGEMENT TITLE	GROUPING	TYPE	SCOPE	TIME FRAME	INCLUSION RATIONAL	Entity to be Audited				
Provide the title of the audit engagement.	Assurance Blended Consulting Special Project	Compliance Financial Information Technology Investigation Operational	Controls Review Full Review Limited Review	Near Term - 1-6 Months Medium Term - 7-12 Months Long Term - 13-18 Months	Information describing why this project is included on the audit plan.	UHS	UH	UHCL	UHD	UHV
Research Governance and Process Overview	Blended	Operational	Full Review	Near Term - 1-6 Months	Research is a fundamental element to the growth objective, as outlined by the Chancellor. In addition, on the risk assessment, this area (Research Risks had a disproportionate amount of high-risk processes).		x	x		
Export Controls	Assurance	Compliance	Controls Review	Near Term - 1-6 Months	Risk assessment and recent events and audits have shown that this is an area that UHS must ensure is well managed and compliant.		x	x		
Grants Management	Assurance	Operational	Controls Review	Medium Term - 7-12 Months	High rating on the risk assessment and recent audit issues show this is an area that UHS must ensure is well managed and compliant.		x	x		
Conflict of Interest	Blended	Operational	Full Review	Medium Term - 7-12 Months	High rating on the risk assessment and recent audit issues show this is an area that UHS must ensure is well managed and compliant.		x	x	x	x
Effort Reporting	Assurance	Compliance	Controls Review	Long Term - 13-18 Months	High rating on the risk assessment and recent audit issues show this is an area that UHS must ensure is well managed and compliant.		x	x		
Intellectual Property Oversight and Protection	Blended	Operational	Controls Review	Near Term - 1-6 Months	High rating on the risk assessment and recent audit issues show this is an area that UHS must ensure is well managed and compliant.		x			
Compliance with Federal Sentencing Guidelines	Assurance	Compliance	Full Review	Near Term - 1-6 Months	In 2018 the Federal Government released a guide to compliance. This audit will provide assurance to meeting the new and existing criteria laid out in it.	x	x	x	x	x
Research Center Management	Assurance	Financial	Controls Review	Medium Term - 7-12 Months	Research centers often have multiple sources of income and often have different rules for expenses. High rating on the risk assessment and recent audit issues show this is an area that UHS must ensure is well managed and compliant.		x			
Procurement Card Management	Assurance	Operational	Full Review	Near Term - 1-6 Months	Recent audit issues show this is an area that UHS must ensure is well managed and compliant. Procurement cards are one of the easiest ways to misappropriate funds.		x	x	x	x
Minors on Campus (Camps, Charter School, Other MOC Activities)	Blended	Compliance	Controls Review	Medium Term - 7-12 Months	Because of recent legislation, no recent audits and a commitment to protection of future members of the UHS community this is an area the a need assurance provided.		x	x	x	x
Construction Auditing	Assurance	Financial	Controls Review	Long Term - 13-18 Months	Construction is a complex process that offers multiple areas for misappropriation of funds. Large projects like the medical school offer opportunity, pressure and rationalities for the misuse of funds.		x			
Campus-wide Management of Small Electronics	Assurance	Information Technology	Controls Review	Medium Term - 7-12 Months	Small electronics are the most common type of assets misappropriation. No recent audits in this are a high-risk rating.		x	x	x	x
Redundant Systems	Blended	Information Technology	Limited Review	Near Term - 1-6 Months	Recent audit issues show this is an area where UHS may be able to improve operations and reduce operations cost by consolidations, automations, and shared use.	x	x	x	x	x
Vendor Validation	Consulting	Compliance	Limited Review	Near Term - 1-6 Months	Internal Auditing will be consulting on the control structure of the upgrade of software surrounding the master vendor list and vendor validation.	x	x	x	x	x
Travel Expense	Assurance	Multiple Aspect	Controls Review	Near Term - 1-6 Months	Recent audit issues show this is an area that UHS must ensure is well managed and compliant. Travel is one of the easiest ways to misappropriate funds.		x	x	x	x

# ATTACHMENT B

Additions to Audit Plan Based on Risk Assessment and Risk Register										
ENGAGEMENT TITLE	GROUPING	TYPE	SCOPE	TIME FRAME	INCLUSION RATIONAL	Entity to be Audited				
Provide the title of the audit engagement.	Assurance Blended Consulting Special Project	Compliance Financial Information Technology Investigation Operational	Controls Review Full Review Limited Review	Near Term - 1-6 Months Medium Term - 7-12 Months Long Term - 13-18 Months	Information describing why this project is included on the audit plan.	UHS	UH	UHCL	UHD	UHV
Endowment/Foundation Expense Review	Assurance	Compliance	Limited Review	Long Term - 13-18 Months	UHS has a reputation for integrity, transparency, and professionalism. UHS demonstrates a commitment to transparency and accountability as well as appropriate spend by auditing those expenses that may have different or less generic spend.		x			
Annual Procurement Report	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit		x			
Athletics - Football Attendance	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit		x			
Board of Regents Travel & Entertainment, FY 2021	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		x			
Chancellor/President's Travel & Entertainment, FY 2021	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		x			
Construction and Other Contracts Requiring Board of Regents Approval	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		x			
Compliance with Education Code 51.9337	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		x			
NCAA-Rules Compliance	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		x			
Quality Assurance Reviews - Internal/External	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		x			
State Benefits Proportionality	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	x				

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Audit and Compliance

**ITEM:** Report on University of Houston System, Internal Audit Reports

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

The Internal Audit Reports issued since the August 20, 2020 Audit & Compliance Committee Meeting of the Board of Regents are:

- University of Houston System, Construction and Other Contracts Requiring Board of Regents' Approval, Activity from July 1, 2020 to September 30, 2020;
- University of Houston System/University of Houston, Chancellor/President's Travel and Entertainment, FY 2020; and
- University of Houston System, Board of Regents' Travel and Entertainment, FY 2020.

These reports include an Executive Summary, Summary of Recommendations by Area, and Management Action Plans, if applicable, with risk levels ranked High/Medium/Low.

The Internal Audit Reports included will be filed with the Governor's Office of Budget, Planning, and Policy; the State Auditor's Office; and the Legislative Budget Board, within the next 30 days, as required by the Texas Government Code, Section 2102.0091.

**SUPPORTING**

**DOCUMENTATION:** Internal Audit Reports

**FISCAL NOTE:**

**RECOMMENDATION/  
ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System

  
\_\_\_\_\_  
CHIEF AUDIT AND COMPLIANCE EXECUTIVE Phillip W. Hurd

11-17-2020  
\_\_\_\_\_  
DATE

  
\_\_\_\_\_  
CHANCELLOR Renu Khator

11/17/2020  
\_\_\_\_\_  
DATE

# UNIVERSITY OF HOUSTON SYSTEM INTERNAL AUDITING DEPARTMENT

## INTERNAL AUDIT REPORTS

AR2021-01	Construction and Other Contracts Requiring BOR Approval
AR2021-02	UHS Board of Regents' Travel and Entertainment, FY 2020
AR2021-03	UHS-UH Chancellor-President's Travel and Entertainment, FY 2020

Note: These internal audit reports are 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. These internal audit reports are 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.

# UNIVERSITY OF HOUSTON SYSTEM

## INTERNAL AUDIT REPORT

# UNIVERSITY OF HOUSTON SYSTEM

## CONSTRUCTION AND OTHER CONTRACTS REQUIRING BOARD OF REGENTS APPROVAL

Activity from July 1, 2020 to  
September 30, 2020

REPORT NO. AR2021-01



UNIVERSITY OF HOUSTON SYSTEM  
Internal Auditing Department  
Houston, Texas 77204-0930  
(713)743-8000  
Fax: (713)743-8015

## MEMORANDUM

**TO:** Mr. Jack B. Moore  
Chair, Audit and Compliance Committee

Dr. Renu Khator  
Chancellor/President, UHS/UH

**FROM:** Phillip W. Hurd  
Chief Audit and Compliance Executive

**DATE:** November 13, 2020

**SUBJ:** Internal Audit Report – Construction and Other Contracts Requiring Board of Regents Approval

I have attached for your review the final draft of the above referenced internal audit report. This report has been distributed to/discussed with key personnel of the University of Houston System. This report is summarized as follows:

### Executive Summary:

The internal audit review of procurement of construction and other contracts requiring Board of Regents approval covers the time period from July 1, 2020 through September 30, 2020. For each project, we review the following: 1. the solicitation documents posted on the State Comptroller's Electronic State Business Daily, the solicitation requirements checklist, subcontracting probability form, and the HUB subcontracting compliance form to determine whether the appropriate evaluation criteria was used by the Purchasing Department/selection team evaluation members; 2. the Purchasing Department's compilation of the selection team members' rankings of RFQ / RFP for clerical accuracy and agreement of evaluation criteria to RFQ / RFP and evaluation criteria provided to selected firms in instances where RFP's were not applicable; 3. the Purchasing Department's recommendation of RFQ / RFP evaluations to the VC/VP for reasonableness; 4. the VC/VP evaluation of the Purchasing Department's recommendation of RFQ / RFP for reasonableness; 5. the invitation to bid or sole source justification form, if applicable, for reasonableness/completion. We noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.

This audit report is scheduled to be included in the agenda materials for the December 3, 2020 meeting of the Audit and Compliance Committee of the Board of Regents. Please let me know if you have any questions.

Attachments

University of Houston System  
Internal Auditing Department  
Construction and Other Contracts Requiring Board of Regents Approval  
July 1, 2020 through September 30, 2020

**Background:** UHS procures construction services under the provisions of the Texas Education Code, Sections 51.778 – 51.785. These statutes address the following construction contract 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 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 Internal Auditing Department reviews the construction RFQ / RFP evaluation process on an ongoing basis. The Internal Audit Department also reviews the procurement process for other contracts requiring Board of Regents approval (RFQ/RFP, Invitation to Bid, and Sole Source).

**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 its major construction projects and other contracts requiring Board of Regents approval.

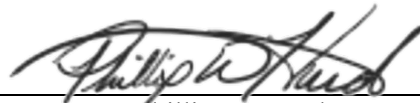
**Scope of Work:** The internal audit review of procurement of construction and other contracts requiring Board of Regents approval covers the time period from July 1, 2020 through September 30, 2020.

**Audit Procedures:** For each solicitation we review the following:

1. The solicitation documents posted on the State Comptroller's Electronic State Business Daily and the solicitation requirements checklist and subcontracting probability form and HUB subcontracting compliance form to determine whether the appropriate evaluation criteria was used by the Purchasing Department/selection team evaluation members.
2. The Purchasing Department's compilation of the selection team members' rankings of RFQ / RFP for clerical accuracy and agreement of evaluation criteria to RFQ / RFP and evaluation criteria provided to selected firms in instances where RFP's were not applicable.
3. The Purchasing Department's recommendation of RFQ / RFP evaluations to the VC/VP for reasonableness.
4. The VC/VP evaluation of the Purchasing Department's recommendation of RFQ / RFP for reasonableness.
5. The invitation to bid or sole source justification form, if applicable, for reasonableness/completion.

**Appendices:** Attached is an analysis of internal audit activity related to the construction projects and other contracts requiring Board of Regents approval award evaluations (Appendix 1), the Purchasing Department Flowchart for major construction projects (Appendix 2), the Purchasing Department Flowchart for other contracts requiring board approval (Appendix 3).

**Conclusion:** We noted a conflict of interest on one project. Raymond Bartlett was a committee member and the final approver of the project. This matter was resolved by removing his scores from the Evaluation Summary.



Phillip W. Hurd

Chief Audit and Compliance Executive

142 September 30, 2020

UHS Construction and Other Contracts Requiring Board of Regents Approval  
Internal Audit Activity  
July 1, 2020 to September 30, 2020

BOR Approval      Internal Audit Review

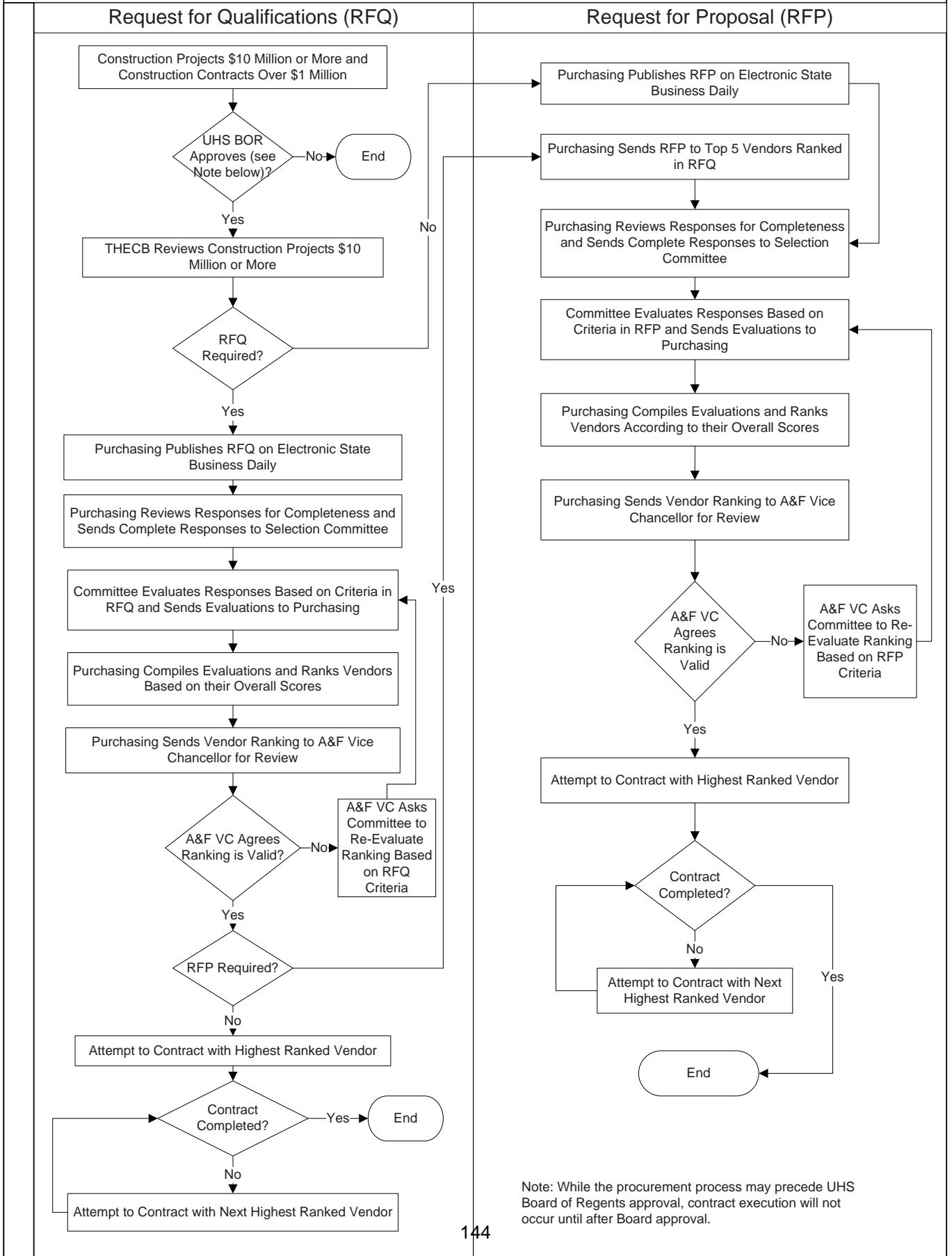
BOR Approval

<u>Project or Contract Description</u>	<u>Solicitation Type</u>	(\$ Millions) <u>Amount</u>	<u>BOR Approval</u>		<u>Initiated</u>	<u>Completed</u>
			FCMP Comm. (Scope) <u>Date</u>	F&A Comm. (Financing) <u>Date</u>		
<b><u>Construction Projects \$10 Million and Over</u></b>						
UHV - Student Center and Learning Commons - FE	ITB	1.3	11/19/2015	11/19/2015		
UHV - STEM Building - FE	ITB	1.0	5/19/2016	5/19/2016		
UH - John M. O'Quinn Law Building - FE	ITB	1.5	8/22/2019	8/22/2019		
UHV - Health and Wellness Center - AE	RFQ	2.0	8/10/2020	8/10/2020		
UHV - Health and Wellness Center - CMAR	RFP	16.0	8/10/2020	8/10/2020		
UH - Science, Engineering, & Research HVAC Upgrades and Roof Replacement - AE	RFQ	1.1	8/10/2020	8/10/2020		
UH - Science, Engineering, & Research HVAC Upgrades and Roof Replacement - CMAR	RFP	10.6	8/10/2020	8/10/2020		
<b><u>Construction Projects Over \$1 Million and Under \$10 Million</u></b>						
UHS - Road/Parking Maintenance (up to 3 awards at 2.5M/each)	RFP	2.5	N/A	2/28/2019		
UHCL - Exterior Wayfinding Signage	RFP	1.6	N/A	8/22/2019	✓	✓
UH - Advancing Community Engagement and Services Institute (TW-ACE)	ITB	2.2	N/A	8/20/2020	✓	✓
UH - Student Health Building (HR Renovation)	RFP	2.3	N/A	8/10/2020		
UH - Lighting & Security Upgrades	RFP	3.8	N/A	8/10/2020		
UH - General Services Roof Replacement	RFP	4.5	N/A	8/10/2020		
UH - Multiple Fire Alarm Upgrades	SS	2.2	N/A	8/10/2020		
<b><u>Non-Construction Contracts Over \$1 Million</u></b>						
UH - Housing Access Control	RFP	4.0	N/A	2/27/2020		
UHD - Campus Elevator Maintenance and Modernization	RFP	2.3	N/A	2/27/2020		
UHS - Investments Consulting Services	RFP	2.9	N/A	2/27/2020	✓	✓
UH - Library Subscription Services	RFP	33.0	N/A	5/21/2020	✓	✓
UH - Athletics Production Services	RFP	2.0	N/A	5/21/2020	✓	✓
UH - Ambulatory Surgical Center	RFP	8.4	N/A	5/21/2020		
UHS - Trademark Licensing Agency	RFP	4.1	N/A	8/20/2020	✓	
UH - ATS Replacement	RFP	2.3	N/A	8/10/2020	✓	✓

CMAR - Construction Manager at Risk  
AE - Architectural and Engineering Services (RFQ only)  
SS - Sole Source  
ITB - Invitation to Bid  
✓ - Initiated or Completed audit procedures, as specified in report.

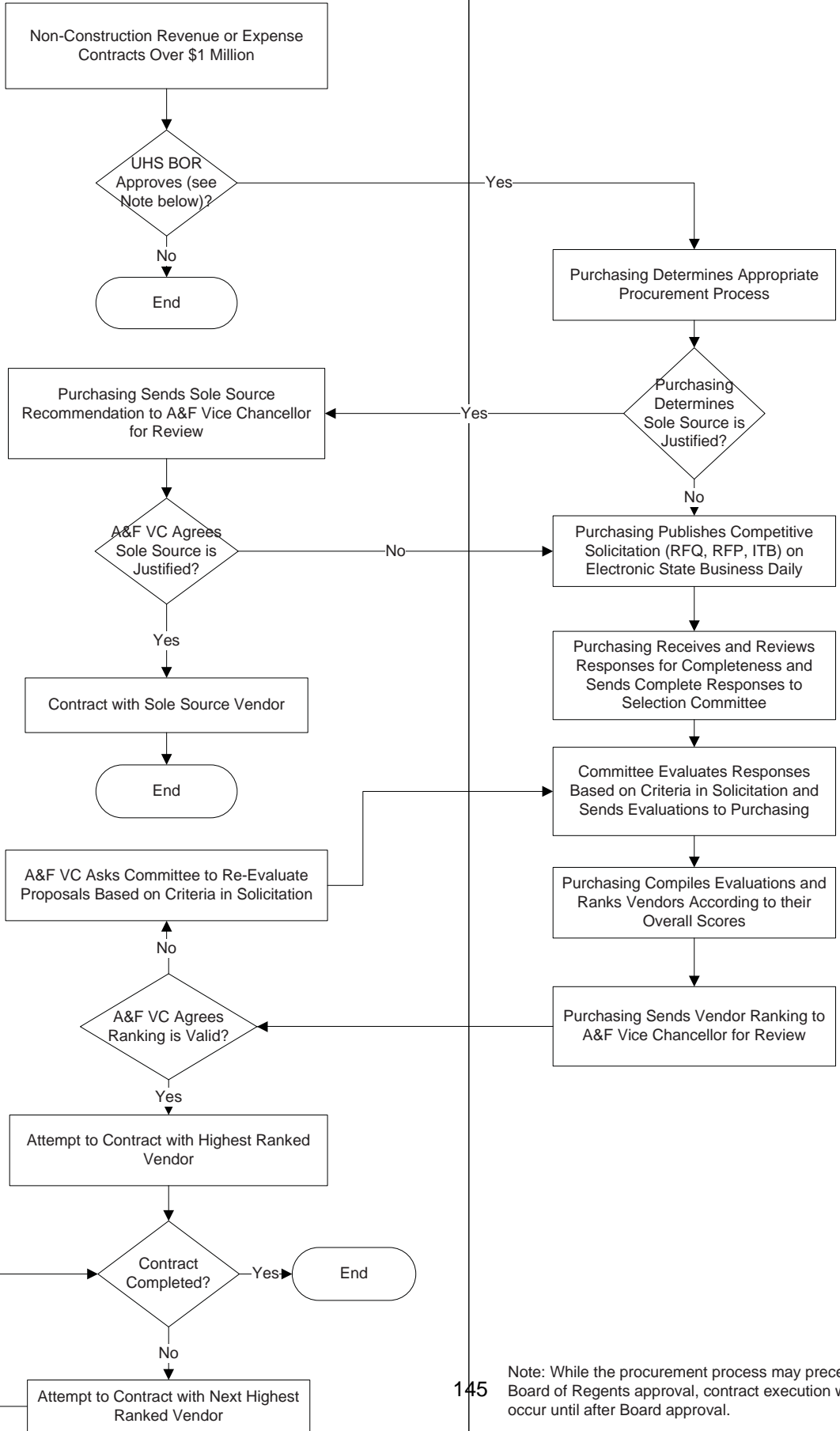
RFP - Request for Proposal  
RFQ - Request for Qualifications  
FE - Furnishings and Equipment

University of Houston System Construction Projects \$10 Million or More and Construction Contracts Over \$1 Million



Approval Process

Procurement Process



Note: While the procurement process may precede UHS Board of Regents approval, contract execution will not occur until after Board approval.

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

BOARD OF REGENTS'  
TRAVEL AND ENTERTAINMENT  
FY 2020

REPORT NO. AR2021-02



University of Houston System

Internal Auditing Department  
Houston, Texas 77204-0930  
(713)743-8000  
Fax: (713)743-8015

## MEMORANDUM

**TO:** Mr. Jack B. Moore  
Chair, Audit and Compliance Committee

Dr. Renu Khator  
Chancellor/President, UHS/UH

**FROM:** Phillip W. Hurd  
Chief Audit and Compliance Executive

**DATE:** November 13, 2020

**SUBJ:** Internal Audit Report – UHS Board of Regents’ Travel and Entertainment, FY 2020

I have attached for your review and comment the final draft of the above referenced internal audit report. This report has been distributed to/discussed with key personnel at the University of Houston and University of Houston System. This report is summarized as follows:

### **Executive Summary:**

As part of our annual audit plan, we reviewed travel and entertainment expenditures of the members of the Board of Regents (BOR) for fiscal year 2020 funded by accounts of the BOR Office. It should be noted that in some cases, travel and entertainment expenditures for regents may be funded by accounts other than the BOR Office accounts and by outside organizations. The objective of our review was to determine whether expenditures for travel and entertainment were appropriately documented and allowable under university policies. In our opinion, the travel and entertainment expenditures of the regents for the year ended August 31, 2020, were appropriately documented and were allowable under university policies.

This audit report is scheduled to be included in the agenda materials for the December 3, 2020 meeting of the Audit and Compliance Committee of the Board of Regents. Please let me know if you have any questions.

Attachment

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS' TRAVEL AND ENTERTAINMENT  
FY 2020**

**BACKGROUND/OBJECTIVE:**

The Internal Auditing Department reviews the travel and entertainment expenditures of the members of the Board of Regents (BOR) annually. This review is scheduled in the annual audit plan.

The objective of this review was to determine whether expenditures for travel and entertainment were appropriately documented and allowable under university policies.

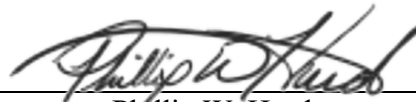
**SCOPE:**

We reviewed travel and entertainment expenditures of the members of the BOR for fiscal year 2020 funded by accounts of the BOR Office. We determined that there were \$4,581 of travel related charges and \$19,512 of entertainment related charges.

It should be noted that in some cases, travel and entertainment expenditures for regents may be funded by accounts other than the BOR Office accounts and by outside organizations. The scope of this review only includes the travel and entertainment expenditures funded by the BOR Office accounts.

**CONCLUSION:**

In our opinion, the travel and entertainment expenditures for the year ended August 31, 2020, were appropriately documented and were allowable under university policies.



---

Phillip W. Hurd

Chief Audit and Compliance Executive

October 30, 2020

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM  
UNIVERSITY OF HOUSTON

CHANCELLOR/PRESIDENT'S  
TRAVEL AND ENTERTAINMENT  
FY 2020

REPORT NO. AR2021-03



University of Houston System

Internal Auditing Department  
Houston, Texas 77204-0930  
(713)743-8000  
Fax: (713)743-8015

## MEMORANDUM

**TO:** Mr. Jack B. Moore  
Chair, Audit and Compliance Committee

Dr. Renu Khator  
Chancellor/President, UHS/UH

**FROM:** Phillip W. Hurd  
Chief Audit and Compliance Executive

**DATE:** November 13, 2020

**SUBJ:** Internal Audit Report – UHS/UH Chancellor/President’s Travel and Entertainment, FY 2020

I have attached for your review and comment the final draft of the above referenced internal audit report. This report has been distributed to/discussed with key personnel at the University of Houston and University of Houston System. This report is summarized as follows:

### **Executive Summary:**

As part of our annual audit plan, we reviewed travel and entertainment expenditures of the Chancellor/President and spouse for fiscal year 2020 funded by accounts of the Chancellor/President’s Office. It should be noted that in some cases, travel and entertainment expenditures for the Chancellor/President and spouse may be funded by accounts other than the Chancellor/President office accounts and by outside organizations. The objective of our review was to determine whether expenditures for travel and entertainment were appropriately documented and allowable under university policies. In our opinion, the travel and entertainment expenditures of the Chancellor/President and spouse for the year ended August 31, 2020, were appropriately documented and were allowable under university policies.

This audit report is scheduled to be included in the agenda materials for the December 3, 2020 meeting of the Audit and Compliance Committee of the Board of Regents. Please let me know if you have any questions.

Attachment

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON SYSTEM/UNIVERSITY OF HOUSTON  
CHANCELLOR/PRESIDENT’S TRAVEL AND ENTERTAINMENT  
FY 2020**

**BACKGROUND/OBJECTIVE:**

The Internal Auditing Department reviews the travel and entertainment expenditures of the Chancellor/President and spouse annually. This review is scheduled in the annual audit plan.

The objective of this review was to determine whether expenditures for travel and entertainment were appropriately documented and allowable under university policies.


**SCOPE:**

We reviewed travel and entertainment expenditures of the Chancellor/President and spouse for fiscal year 2020 funded by accounts of the Chancellor/President’s Office. We determined that there were \$2,098 of travel related charges and \$21,186 of entertainment related charges.

It should be noted that in some cases, travel and entertainment expenditures for the Chancellor/President and spouse may be funded by accounts other than the Chancellor/President’s Office accounts and by outside organizations. The scope of this review only includes the travel and entertainment expenditures funded by the Chancellor/President’s Office accounts.

**CONCLUSION:**

In our opinion, the travel and entertainment expenditures for the year ended August 31, 2020, were appropriately documented and were allowable under university policies.

  
\_\_\_\_\_  
Phillip W. Hurd  
Chief Audit and Compliance Executive  
October 30, 2020

**UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA**

**COMMITTEE:** Audit and Compliance

**ITEM:** Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report, Fiscal Year 2020

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

The attached report describes the nature of the reports received (fraud, non-compliance, inappropriate behavior, etc.) and the results of the reports resolved during the year. In addition to the reports received through the Fraud and Non-Compliance Hotline, UHS received additional reports of a similar nature through anonymous letters/other communications and from the State Auditors Office.

**SUPPORTING DOCUMENTATION:** Fraud and Non-Compliance Reports, Summary Report, FY 2020

**FISCAL NOTE:**

**RECOMMENDATION/  
ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System



\_\_\_\_\_  
CHIEF AUDIT AND COMPLIANCE EXECUTIVE Phillip W. Hurd

11-17-2020  
DATE

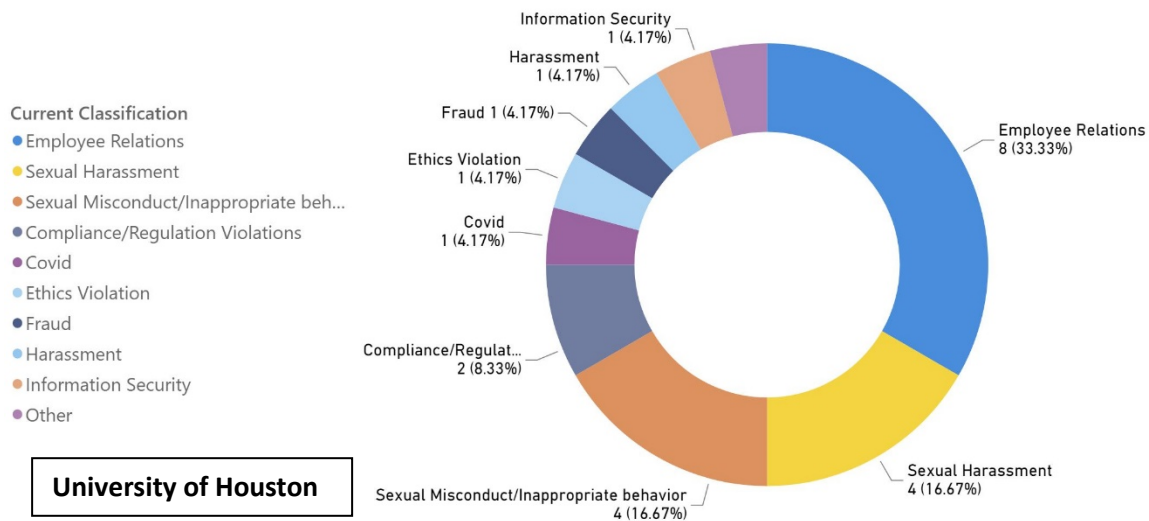
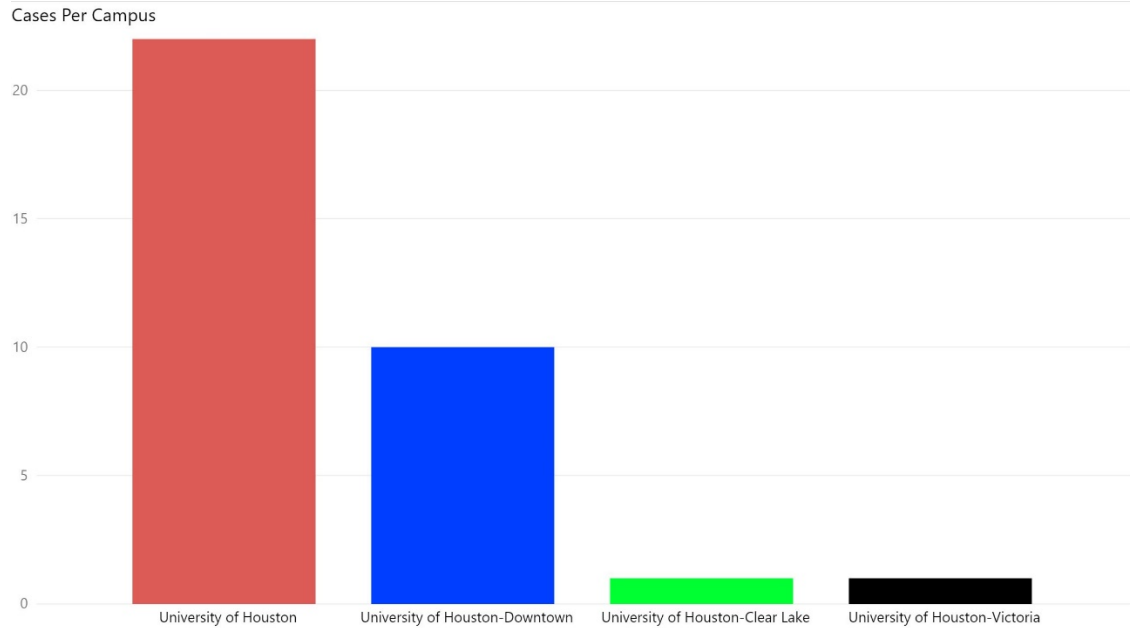


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CHANCELLOR Renu Khator

11/17/2020  
DATE

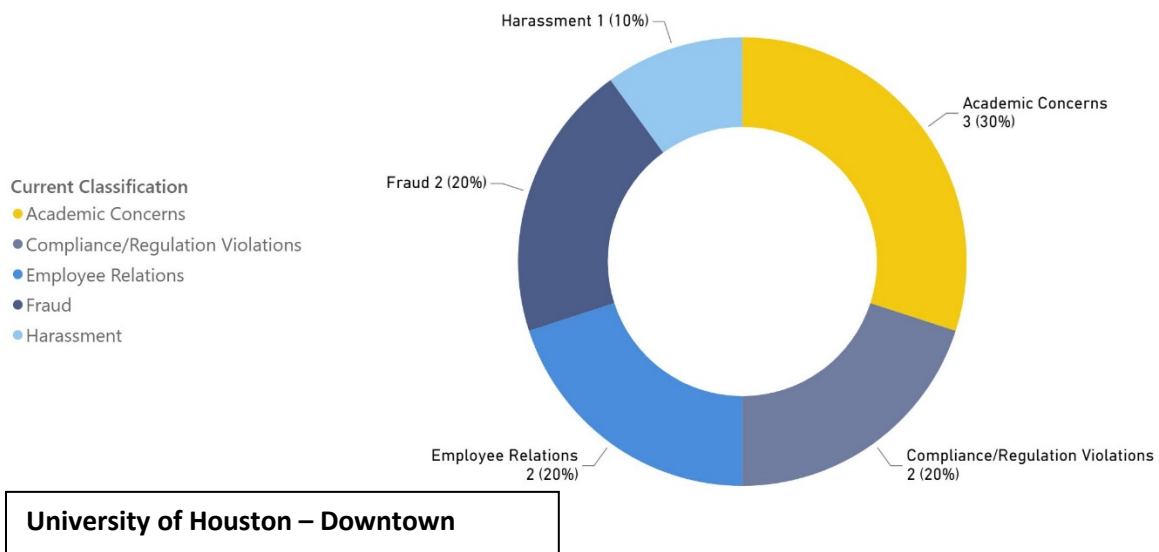
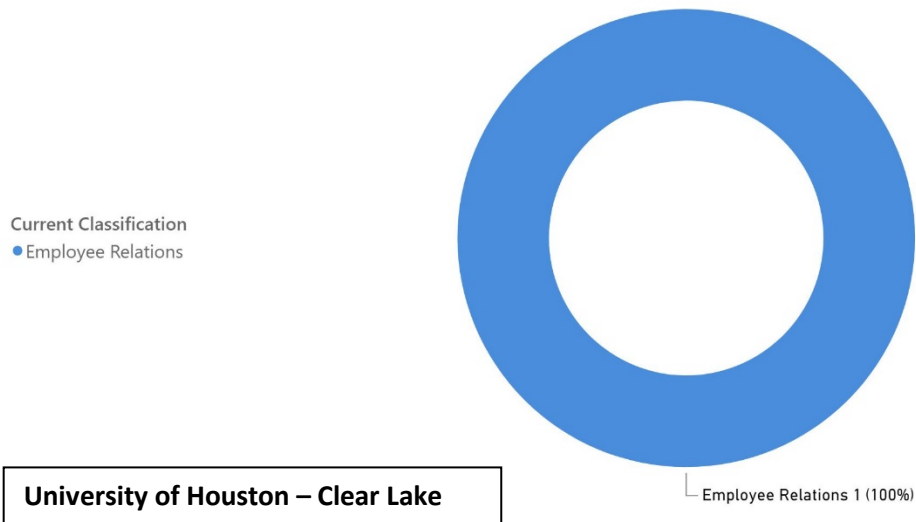
# Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report, Fiscal Year 2020 – UH System.

In FY 2020 [9/1/2019 – 8/31/2020] there were 153 (total) cases received through the Fraud, Waste and Abuse (FWA) system. Cases for this report have been re-categorized based on the new classification menus and according to the actual content of the cases. Definition of the categories begin on page four. The cases were broken down as illustrated in these graphs:



153

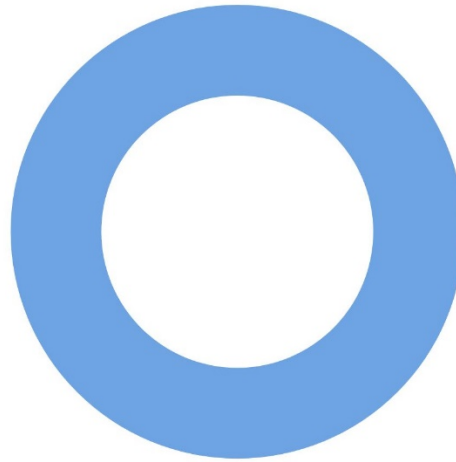
Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report, Fiscal Year 2020 – UH System.  
 Each campus' specific breakdown is represented here:



# Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report, Fiscal Year 2020 – UH System.

Current Classification

● Waste of Time and Resources



Waste of Time and Resources  
1 (100%)

**University of Houston – Victoria**

# Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report, Fiscal Year 2020 – UH System.

## Definitions of the categories:

### **Abuse of Power, Authority, or Control**

The misuse of power, authority, or control related to one's position in the organization. Examples include but are not limited to: directing employees to perform non-organization related work; causing employees to work overtime without compensation; or using organization assets for non-organization business without proper permission.

### **Academic Concerns**

Concerns or violations of academic protocols or policies. Such violations may include, but are not limited to: plagiarism, copyright violations, admissions irregularities, FERPA violations, hazing, misuse of authority, disorderly conduct, or information security.

### **Campus Safety/Security Concerns**

Campus safety and security concerns include instances in which a student, faculty, staff member, or visitor feels unsafe while on campus due to campus conditions. These concerns may include fear of personal assault, danger to personal property, weapons policy violations, drug and alcohol abuse, fire hazards, poor security procedures, or danger posed by unsafe construction situations.

### **Compliance/Regulation Violations**

Violations of or failure to comply with a rule, regulation, law, operating procedure, past practice or protocol for any aspect of the Company.

### **Conflict of Interest**

A situation where a person in a position of trust has competing professional or personal interests which can make it difficult to impartially perform the assigned job duties.

### **COVID**

Concerns relating to the Coronavirus Disease 2019 (COVID-19) which was declared a public health emergency by the International Health Regulations Emergency Committee of the World Health Organization on Jan 30, 2020; concerns can be anything relating to COVID-19 including but not limited to personal experiences, observed symptoms, risks or vulnerabilities, or desired accommodations or precautions

### **Discrimination**

The denial of normal privileges or rights to one or more individuals based on an individual's race, color, ancestry, ethnicity, gender (sex), age, religion, national origin, level of education, political affiliation, physical appearance or disability, marital status, or sexual orientation.

### **Employee Relations**

Any issues related to the way employees work with each other, their supervisors/managers, and the company. Examples include job related actions like

# Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report, Fiscal Year 2020 – UH System.

promotions, job or shift changes, terminations, disciplinary actions and performance issues.

## **Ethics Violation**

An act that defies decent behavior or a governing principle. Activities not conforming to or in accordance with established conduct of right and wrong and moral character.

## **Fraud**

The deceitful practice of obtaining money or property through intentional use of false pretenses, false documents, or misrepresentation. An illegal conversion of assets or property of value to one's own use.

## **Harassment**

Unwanted, on-going verbal or physical behavior of an inappropriate nature. The unwarranted threat to cause bodily harm to another person or harm to another person's property. Examples may include acts of threatening, intimidating, stalking, taunting, gesturing, staring, pestering, hang-up telephone calls, obscene telephone calls, postal mail, or e-mails.

## **Information Security**

Improper disclosures over the Company's computer network, such as posting confidential information to websites, the sending or receipt of harassing or threatening emails, etc.

## **Misuse of Resources or Property**

Inappropriate or unauthorized use of company resources and/or property.

## **NCAA Rules Violations**

Violations of the rules of the National Collegiate Athletic Association (NCAA) regarding recruitment of student athletes; attempts to influence the outcome of sporting events (such as gambling or wagering by student athletes or staff); the misuse of assets, financial aid, or scholarships; or other academic violations defined within the NCAA rules.

## **Sexual Misconduct/Inappropriate behavior**

Non-consensual, intentional physical conduct of a sexual nature, such as unwelcome physical contact. Lack of consent may be inferred from the use of force, threat, physical intimidation, or advantage gained by the victim's mental or physical incapacity or impairment of which the perpetrator was aware or should have been aware.

## **Waste of Time and Resources**

A worker who is wasting time is "goofing off" and purposely not working while on-the-clock and being paid, or is being told by a supervisor to perform work that clearly has no benefit to the company.

UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA

**COMMITTEE:** Audit and Compliance

**ITEM:** Report on University of Houston System, Institutional Compliance Status Report for the three months ended September 30, 2020

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

The Institutional Compliance Status Report summarizes the information provided by each institution for their respective compliance functions, including training, risk assessment, audits, meetings, risk mitigation, and hot-line reports.

**SUPPORTING DOCUMENTATION:** Institutional Compliance Status Report

**FISCAL NOTE:**

**RECOMMENDATION/  
ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System

  
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**CHIEF AUDIT AND COMPLIANCE EXECUTIVE** Phillip W. Hurd

11-17-2020  
\_\_\_\_\_  
**DATE**

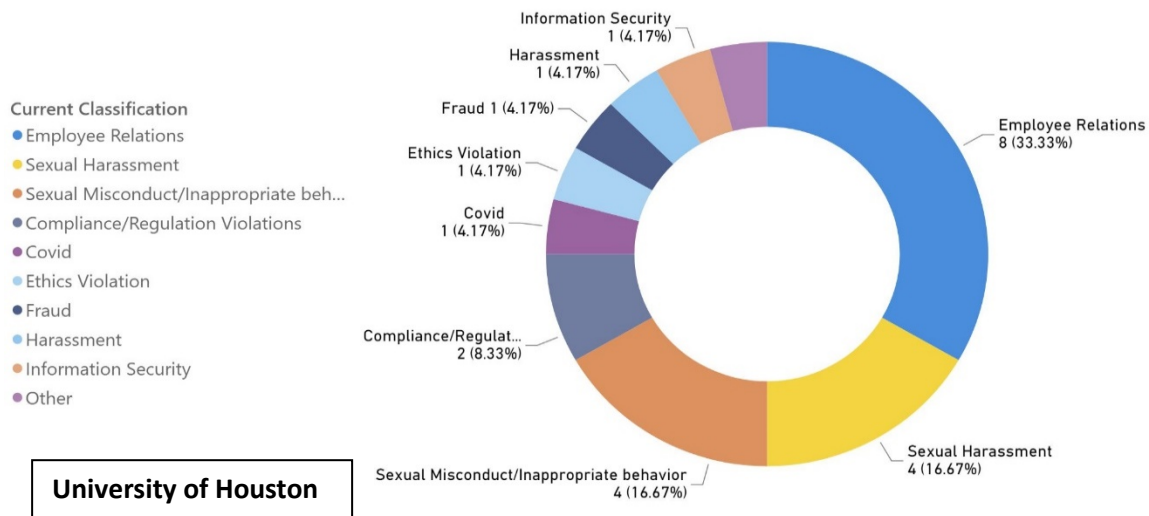
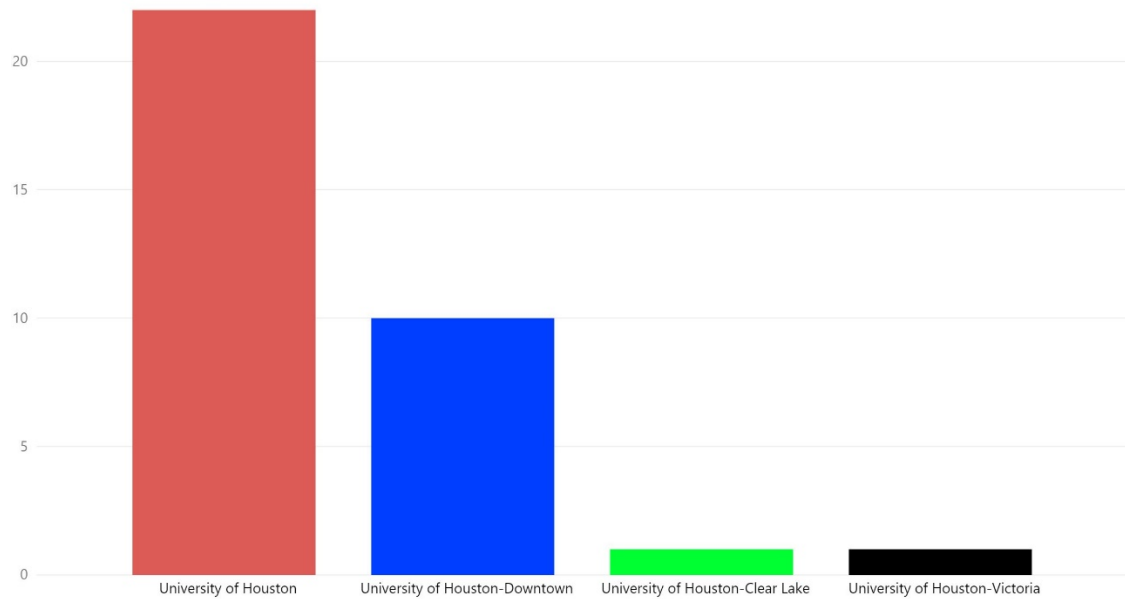
  
\_\_\_\_\_  
**CHANCELLOR** Renu Khator

11/17/2020  
\_\_\_\_\_  
**DATE**

# Report on the University of Houston System, Institutional Compliance Status Report for the three months ended August 31, 2020 – UH System

In Quarter 4 FY 2020 [6/1/2020 – 8/31/2020] there were 36 (total) cases received through the Fraud, Waste and Abuse (FWA) system. Cases for this report have been re-categorized based on the new classification menus and according to the actual content of the cases. Definition of the categories begin on page four. The cases were broken down as illustrated in these graphs:

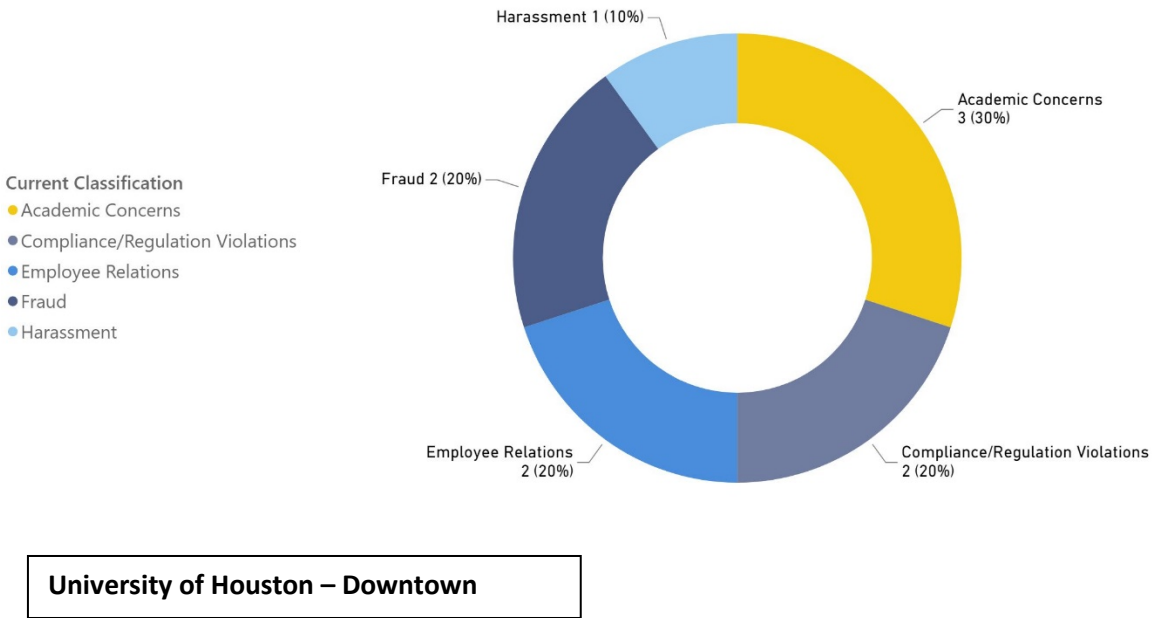
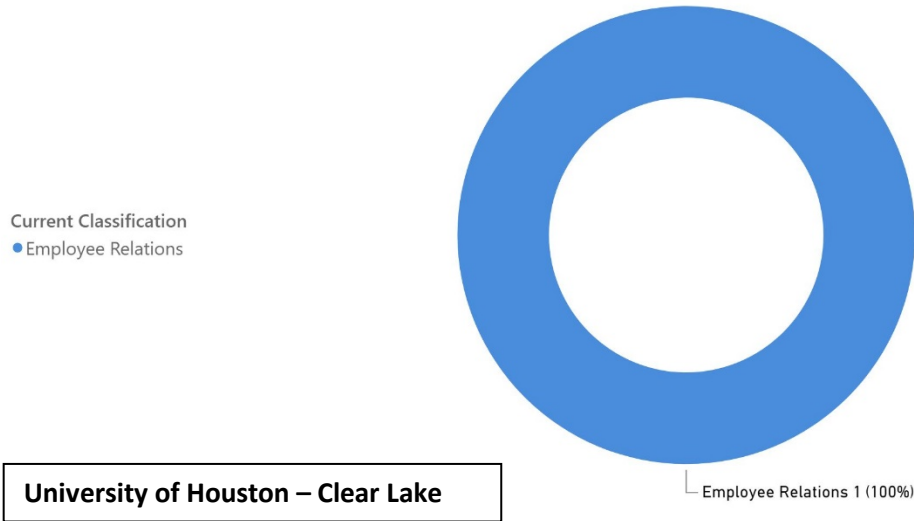
Cases Per Campus



**University of Houston**

# Report on the University of Houston System, Institutional Compliance Status Report for the three months ended August 31, 2020 – UH System

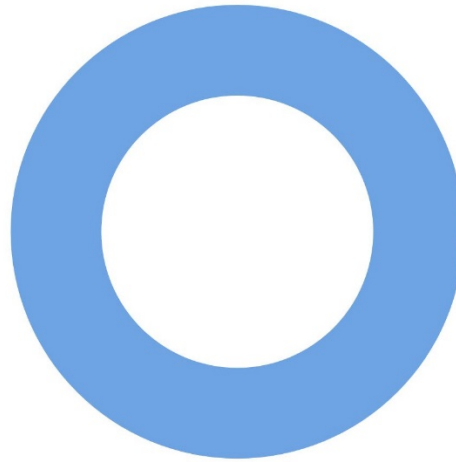
Each campus' specific breakdown is represented here:



# Report on the University of Houston System, Institutional Compliance Status Report for the three months ended August 31, 2020 – UH System

Current Classification

● Waste of Time and Resources



Waste of Time and Resources  
1 (100%)

**University of Houston – Victoria**

# Report on the University of Houston System, Institutional Compliance Status Report for the three months ended August 31, 2020 – UH System

## Definitions of the categories:

### **Abuse of Power, Authority, or Control**

The misuse of power, authority, or control related to one's position in the organization. Examples include but are not limited to: directing employees to perform non-organization related work; causing employees to work overtime without compensation; or using organization assets for non-organization business without proper permission.

### **Academic Concerns**

Concerns or violations of academic protocols or policies. Such violations may include, but are not limited to: plagiarism, copyright violations, admissions irregularities, FERPA violations, hazing, misuse of authority, disorderly conduct, or information security.

### **Campus Safety/Security Concerns**

Campus safety and security concerns include instances in which a student, faculty, staff member, or visitor feels unsafe while on campus due to campus conditions. These concerns may include fear of personal assault, danger to personal property, weapons policy violations, drug and alcohol abuse, fire hazards, poor security procedures, or danger posed by unsafe construction situations.

### **Compliance/Regulation Violations**

Violations of or failure to comply with a rule, regulation, law, operating procedure, past practice or protocol for any aspect of the Company.

### **Conflict of Interest**

A situation where a person in a position of trust has competing professional or personal interests which can make it difficult to impartially perform the assigned job duties.

### **COVID**

Concerns relating to the Coronavirus Disease 2019 (COVID-19) which was declared a public health emergency by the International Health Regulations Emergency Committee of the World Health Organization on Jan 30, 2020; concerns can be anything relating to COVID-19 including but not limited to personal experiences, observed symptoms, risks or vulnerabilities, or desired accommodations or precautions

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The denial of normal privileges or rights to one or more individuals based on an individual's race, color, ancestry, ethnicity, gender (sex), age, religion, national origin, level of education, political affiliation, physical appearance or disability, marital status, or sexual orientation.

### **Employee Relations**

Any issues related to the way employees work with each other, their supervisors/managers, and the company. Examples include job related actions like

## Report on the University of Houston System, Institutional Compliance Status Report for the three months ended August 31, 2020 – UH System

promotions, job or shift changes, terminations, disciplinary actions and performance issues.

### **Ethics Violation**

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### **Fraud**

The deceitful practice of obtaining money or property through intentional use of false pretenses, false documents, or misrepresentation. An illegal conversion of assets or property of value to one's own use.

### **Harassment**

Unwanted, on-going verbal or physical behavior of an inappropriate nature. The unwarranted threat to cause bodily harm to another person or harm to another person's property. Examples may include acts of threatening, intimidating, stalking, taunting, gesturing, staring, pestering, hang-up telephone calls, obscene telephone calls, postal mail, or e-mails.

### **Information Security**

Improper disclosures over the Company's computer network, such as posting confidential information to websites, the sending or receipt of harassing or threatening emails, etc.

### **Misuse of Resources or Property**

Inappropriate or unauthorized use of company resources and/or property.

### **NCAA Rules Violations**

Violations of the rules of the National Collegiate Athletic Association (NCAA) regarding recruitment of student athletes; attempts to influence the outcome of sporting events (such as gambling or wagering by student athletes or staff); the misuse of assets, financial aid, or scholarships; or other academic violations defined within the NCAA rules.

### **Sexual Misconduct/Inappropriate behavior**

Non-consensual, intentional physical conduct of a sexual nature, such as unwelcome physical contact. Lack of consent may be inferred from the use of force, threat, physical intimidation, or advantage gained by the victim's mental or physical incapacity or impairment of which the perpetrator was aware or should have been aware.

### **Waste of Time and Resources**

A worker who is wasting time is "goofing off" and purposely not working while on-the-clock and being paid, or is being told by a supervisor to perform work that clearly has no benefit to the company.