
AGENDA

UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

DATE: Thursday, August 26, 2021

TIME: 9:45 AM

PLACE: Hilton University of Houston Hotel
Conrad Hilton Ballroom, Second Floor
4450 University Drive
Houston, Texas 77204

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

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

I. **Audit and Compliance Committee**

Presenter: Chair Jack Moore

A. Call to Order

Presenter: Chair Jack Moore

B. Approval of Committee Minutes

- May 20, 2021, Audit and Compliance Committee meeting

Action: Approval

Presenter: Chair Jack Moore

C. Report on University of Houston System, Institutional Compliance
Hotline Report for the three months ended July 31, 2021, Issue Trends,
and Annual Plan for FY2022 - University of Houston System

4

Action: Information

Presenter: Susan Koch, System-wide Compliance Officer

D. Reporting Incidents of Sexual Harassment, Sexual Assault, Dating
Violence, and Stalking - University of Houston System

14

Action: Information
Presenter: Phil Hurd, Chief Audit Executive

- E. Report on University of Houston System, Audit and Compliance Committee Charter and Checklist - University of Houston System 23

Action: Approval
Presenter: Phil Hurd, Chief Audit Executive

- F. Report on University of Houston System, Audit and Compliance Committee Planner - University of Houston System 31

Action: Approval
Presenter: Phil Hurd, Chief Audit Executive

- G. Report on University of Houston System, Internal Audit Reports - University of Houston System. 37

Action: Information
Presenter: Phil Hurd, Chief Audit Executive

- H. Report on University of Houston System, Annual Internal Audit Plan and Changes to the Internal Audit Department - University of Houston System 45

Action: Approval
Presenter: Phil Hurd, Chief Audit Executive

II. **Executive Session**

Presenter: Chair Jack Moore

- 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 551.072
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 Moore

IV. **Adjourn**

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended July 31, 2021, Issue Trends, and Annual Plan for FY 2022

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Institutional Compliance Hotline Report summarizes the fraud and non-compliance hotline reports received for each institution during the applicable quarter, including the primary issue associated with the reports. The Issue Trends details the top six hotline issues reported for FY 2019, FY 2020 and FY 2021. The Annual Plan for FY 2022 presents the two compliance initiatives to be undertaken in the upcoming fiscal year.

SUPPORTING DOCUMENTATION: Institutional Compliance Hotline Report, Hotline Reporting Issue Trends, and Annual Plan for FY 2022

FISCAL NOTE:

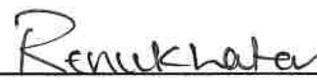
**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



SYSTEM-WIDE COMPLIANCE OFFICER Susan Koch

8-5-2021
DATE



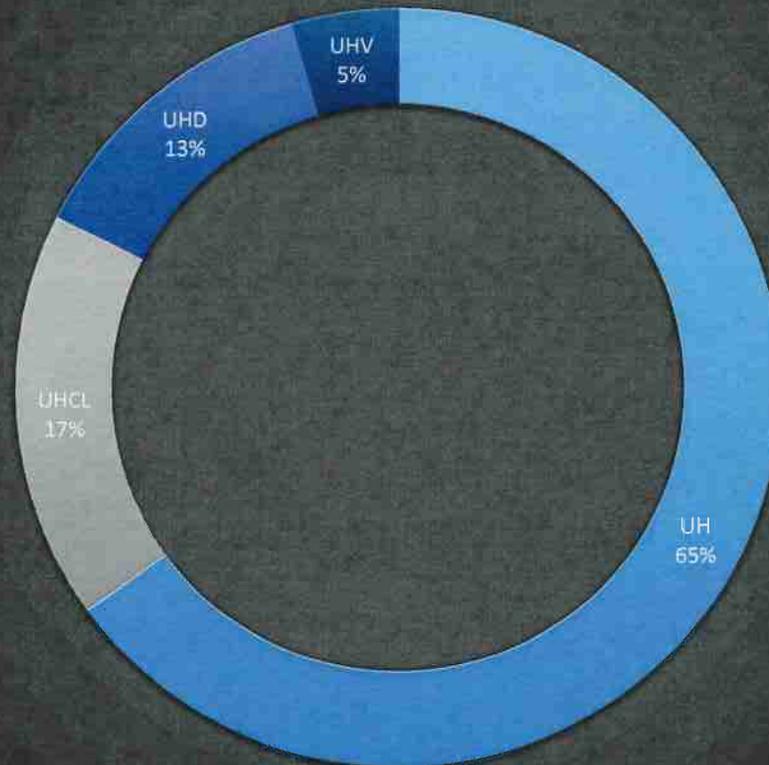
CHANCELLOR Renu Khator

8/19/2021
DATE

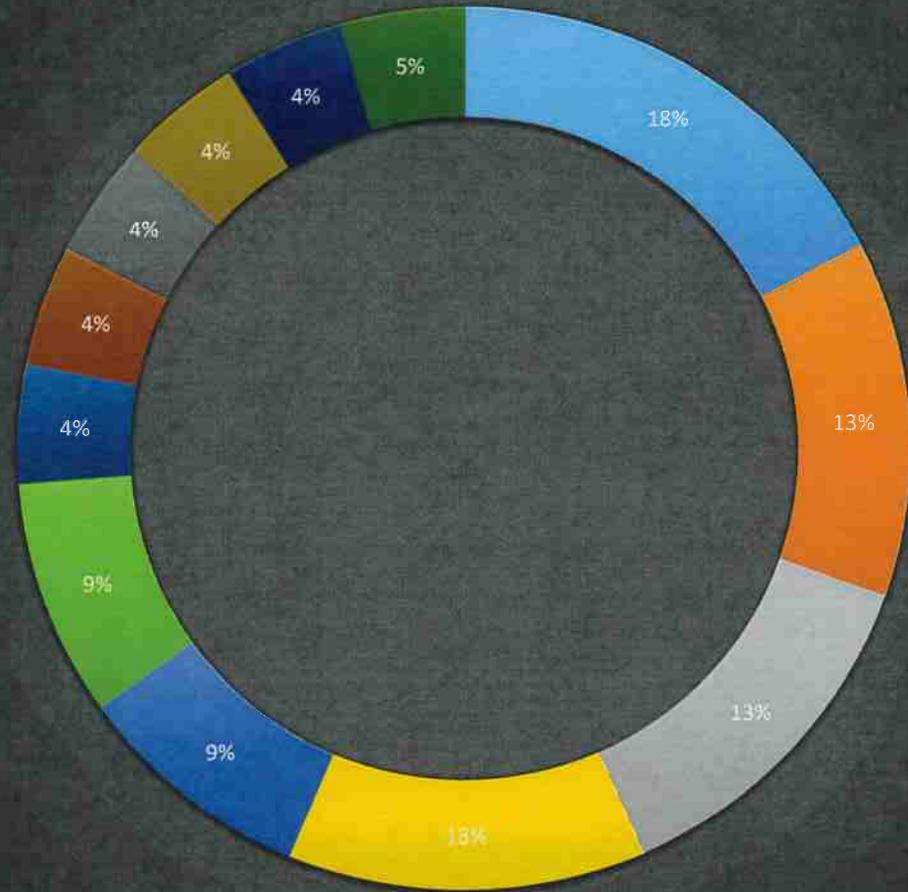
**UNIVERSITY OF HOUSTON SYSTEM
Institutional Compliance Hotline Report for the three months
ended July 31, 2021, Issue Trends, and Annual Plan for FY 2022**

Hotline reports for all Universities

Issues Reported by Institution

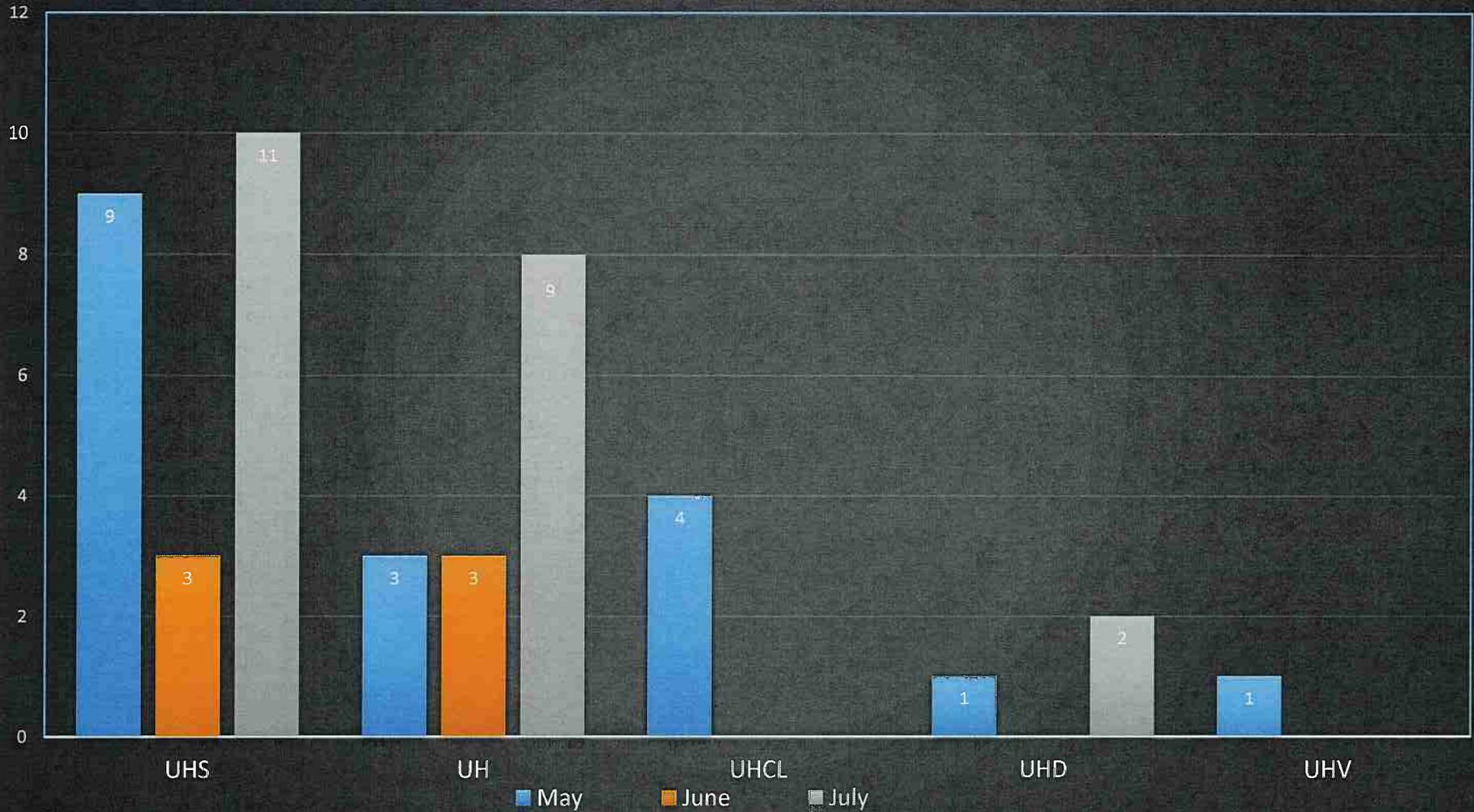


Reported Issues by Type Across UHS

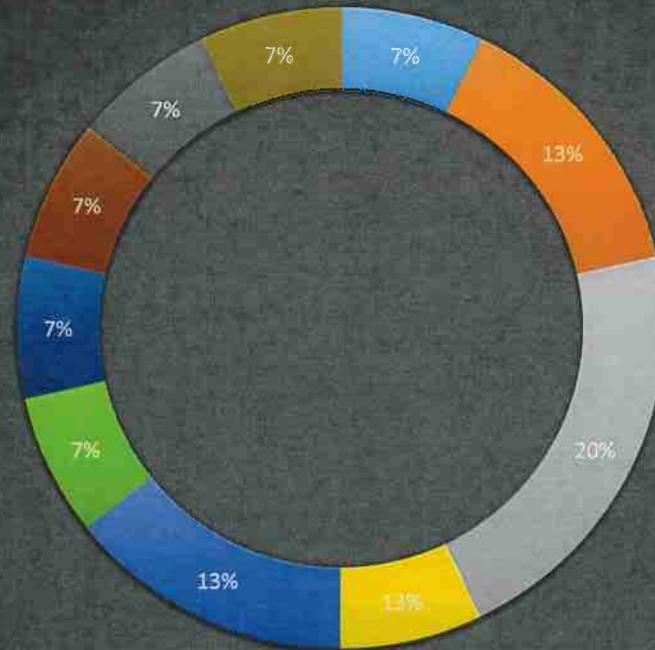


- Ethics Violation
- Academic Concerns
- Information Security
- Abuse of Power
- Discrimination
- Employee Relations
- Conflict of Interest
- Coronavirus
- Fraud
- Harassment
- Sexual Misconduct
- Waste of Resources

Issues Reported by Month



UH Case Breakdown



Ethics Violation

Academic Concerns

Information Security

Abuse of Power

Discrimination

Conflict of Interest

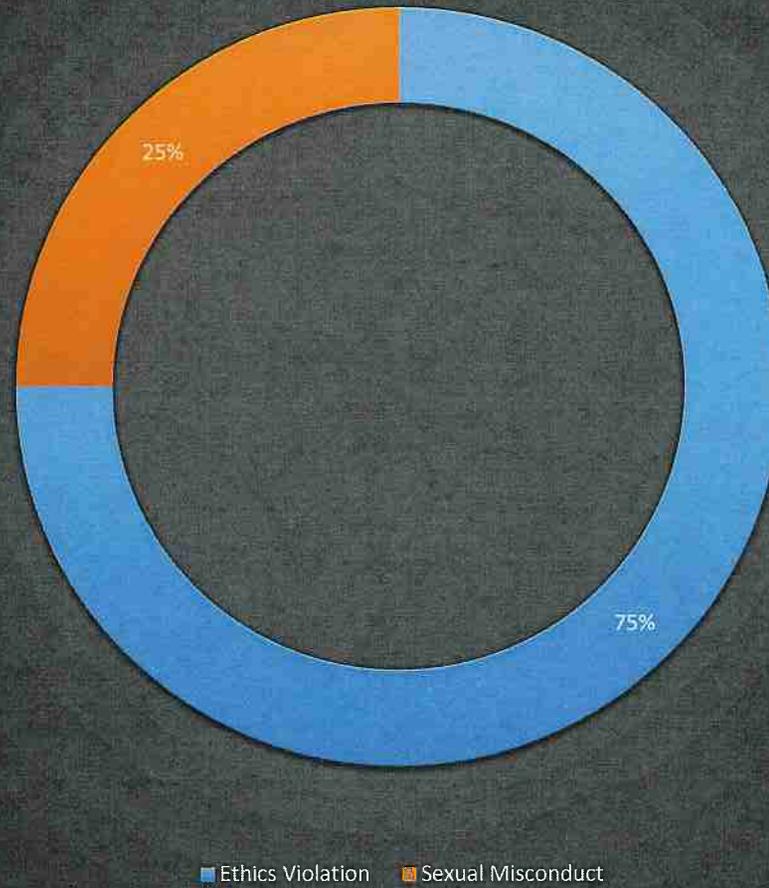
Coronavirus

Fraud

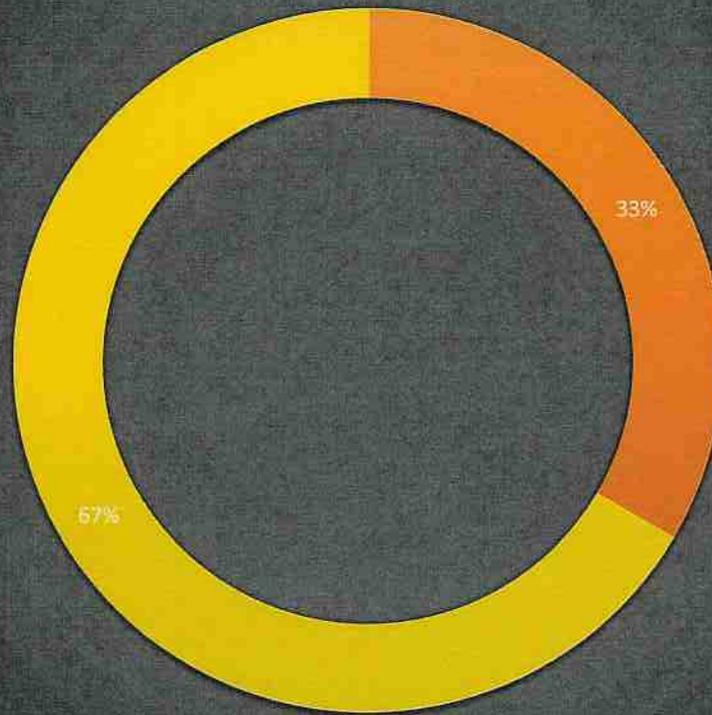
Harassment

Waste of Resources

UHCL Case Breakdown

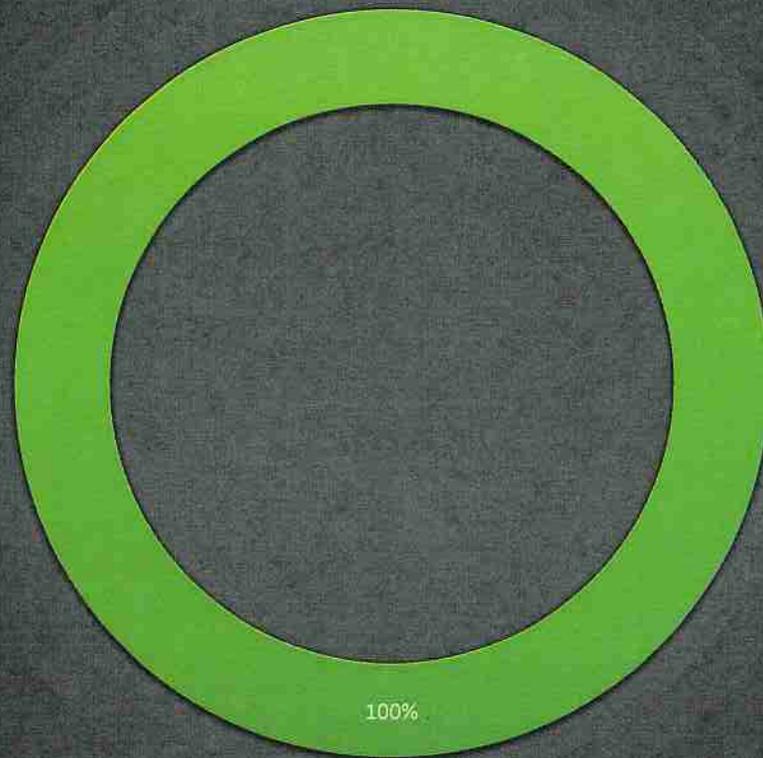


UHD Case Breakdown



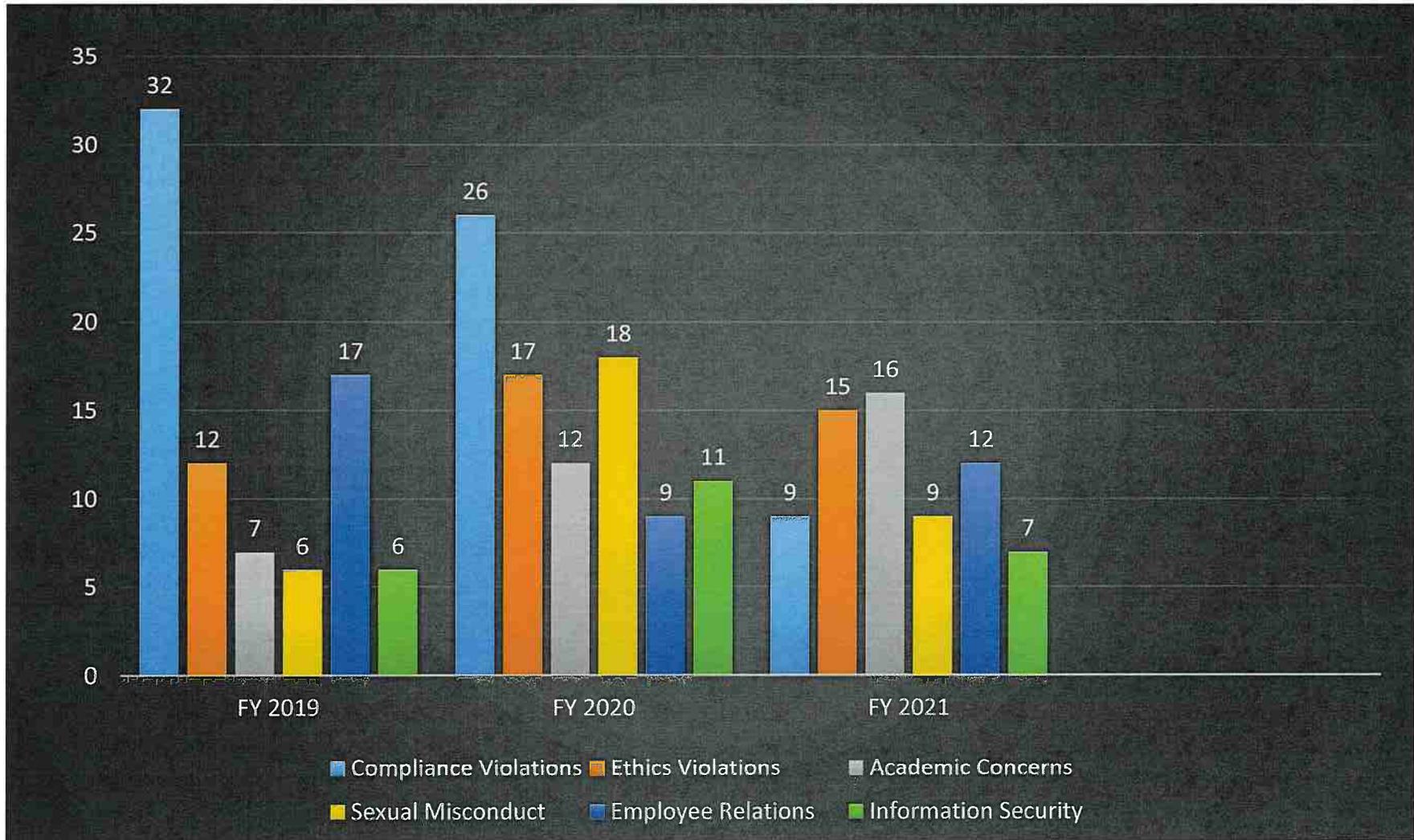
■ Abuse of Power ■ Employee Relations

UHV Case Breakdown



■ Academic Concerns

Hotline Reporting Issue Trends FY 2019 – FY 2021



Annual Plan for FY 2022 Compliance Initiatives

I. Electronic and Information Resources Accessibility (“EIR Accessibility”)

This compliance area involves designing websites, tools and technologies so that people with disabilities can use them. State and federal laws, as well as System and university policies require universities to provide equal access to digital content to ensure an inclusive user experience for individuals with disabilities. We will be undertaking a plan of action to evaluate and implement improvements in training, support structure, and policy and purchasing review to improve compliance.

II. Conflicts of Interest and Related Disclosures

This compliance area encompasses (a) situations in which an individual’s financial, professional or personal considerations affect the individual’s professional judgment in exercising any university duty, including the conduct or reporting of research (“conflicts of interest”), (b) situations in which an individual engages in external activities that interfere with their primary obligation and commitment of time and intellectual energies to the university (“conflicts of commitment”), and (c) situations involving export controls, undue foreign influence, and technology transfer. There are numerous state and federal laws and Board, System and university policies that must be complied with, as well as various approval and disclosure processes, which result in some confusion and inconsistent compliance. We plan to institute a plan of action to assess and streamline the policies, processes and communication to improve compliance.

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

COMMITTEE: Audit and Compliance

ITEM: Reporting Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

This presentation provides an overview of the requirements of recent legislation – Reporting Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking.

SUPPORTING

DOCUMENTATION: Report by Toni Benoit, AVC/AVP, Access, Equity and Diversity, UHS/UH

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

8/8/2021

DATE



CHANCELLOR Renu Khator

8/19/2021

DATE

Report on State Legislation

Reporting Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking

Presentation to be given by:

Toni Sanchez Benoit
AVC/AVP – Access, Equity and Diversity
Office of Equal Opportunity Services
University of Houston System

Chief Executive Officer Report

TO: **University of Houston System – Board of Regents**
VIA: Toni Sanchez Benoit, Assistant VC/VP, Equal Opportunity Services
FROM: **Chancellor Renu Khator**, Chief Executive Officer, University of Houston System and University of Houston
President Ira Blake, Chief Executive Officer, University of Houston Clear Lake
President Loren Blanchard, Chief Executive Officer, University of Houston Downtown
President Bob Glenn, Chief Executive Officer, University of Houston Victoria
DATE: August 11, 2021
RE: Chief Executive Officer Reporting Requirements under Tex. Educ. Code § 51.253(c)

Under the Texas Education Code (TEC), Section 51.253(c), each institution's Chief Executive Officer is required to submit a data report at least once during each fall or spring semester to the institution's governing body and post on the institution's website a report concerning the reports employees received under the TEC, Section 51.252, where the type of incident described in the employee's report constitutes "sexual harassment," "sexual assault," "dating violence," or "stalking" as defined in the TEC, Section 51.251, and any disciplinary actions taken under TEC, Section 51.255.

For the purpose of complying with the Chief Executive Officer's reporting requirements under the TEC, Section 51.253(c), the attached summary data reports¹ (Appendices A-E) includes all of the required reporting information to the **University of Houston System – Board of Regents** for the time period of **July 1, 2020 through June 30, 2021**. The reports received may be applicable in multiple reporting categories, and therefore, the summary data in the categories may not add up to the totals of other categories.

The summary data report will also be posted on each campus's Title IX webpage per the public reporting requirements under the TEC, Section 51.253(c).

Note: Any additional reports received by the Title IX Coordinator that do not meet the required reporting criteria in the TEC have been omitted. A glossary is included in Appendix F.

¹ When identifiable, duplicate reports were consolidated and counted as one report in the summary data. Confidential employee reporting is noted as a sub-set to the total number of reports received.

**Appendix A: University of Houston System
Summary Data Report
July 1, 2020 – June 30, 2021**

Texas Education Code, Section 51.252	
Number of reports received under Section 51.252	2
Number of confidential reports under Section 51.252	--
Number of formal investigations conducted under Section 51.252*	1
Disposition of any disciplinary processes for reports under Section 51.252:	
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	--
d. Pending formal investigation	1
e. SUBTOTAL	1
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	1
a. Unidentified or unaffiliated respondent	--
b. Confidential report (unidentified complainant)	--
c. Insufficient information to investigate	1
d. Complainant requested no investigation	--
e. Other administrative closure or informal resolution	--
f. Preliminary investigation pending	--

* The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	0
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

**Appendix B: University of Houston
Summary Data Report
July 1, 2020 – June 30, 2021**

Texas Education Code, Section 51.252	
Number of reports received under Section 51.252	230
Number of confidential reports under Section 51.252	46
Number of formal investigations conducted under Section 51.252*	3
Disposition of any disciplinary processes for reports under Section 51.252:	
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	(2)**
d. Pending formal investigation	3
e. SUBTOTAL	3
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	227
g. Unidentified or unaffiliated respondent	119
h. Confidential report (unidentified complainant)	46
i. Insufficient information to investigate	18
j. Complainant requested no investigation	15
k. Other administrative closure or informal resolution	19
l. Preliminary investigation pending	10

* The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

**Any number listed in parentheses “()” indicates the matter(s) were originally included in a prior annual report, but concluded in the current year.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee’s failure to report or who submits a false report to the institution under Section 51.255(a)	1
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

**Appendix C: University of Houston-Clear Lake
Summary Data Report
July 1, 2020 – June 30, 2021**

Texas Education Code, Section 51.252	
Number of reports received under Section 51.252	27
Number of confidential reports under Section 51.252	0
Number of formal investigations conducted under Section 51.252*	0
Disposition of any disciplinary processes for reports under Section 51.252:	
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	--
d. Pending formal investigation	--
e. SUBTOTAL	--
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	27
a. Unidentified or unaffiliated respondent	17
b. Confidential report (unidentified complainant)	--
c. Insufficient information to investigate	1
d. Complainant requested no investigation	2
e. Other administrative closure or informal resolution	--
f. Preliminary investigation pending	7

* The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	0
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

**Appendix D: University of Houston-Downtown
Summary Data Report
July 1, 2020 – June 30, 2021**

Texas Education Code, Section 51.252	
Number of reports received under Section 51.252	68
Number of confidential reports under Section 51.252	7
Number of formal investigations conducted under Section 51.252*	1
Disposition of any disciplinary processes for reports under Section 51.252:	
a. Concluded, No Finding of Policy Violation	1
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	--
d. Pending formal investigation	--
e. SUBTOTAL	1
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	67
a. Unidentified or unaffiliated respondent	44
b. Confidential report (unidentified complainant)	7
c. Insufficient information to investigate	3
d. Complainant requested no investigation	3
e. Other administrative closure or informal resolution	10
f. Preliminary investigation pending	--

* The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	0
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

**Appendix E: University of Houston-Victoria
Summary Data Report
July 1, 2020 – June 30, 2021**

Texas Education Code, Section 51.252	
Number of reports received under Section 51.252	25
Number of confidential reports under Section 51.252	1
Number of formal investigations conducted under Section 51.252*	1
Disposition of any disciplinary processes for reports under Section 51.252:	
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	(1)**
d. Pending formal investigation	1
e. SUBTOTAL	--
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	24
a. Unidentified or unaffiliated respondent	13
b. Confidential report (unidentified complainant)	1
c. Insufficient information to investigate	7
d. Complainant requested no investigation	3
e. Other administrative closure or informal resolution	--
f. Preliminary investigation pending	--

* The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

**Any number listed in parentheses “()” indicates the matter(s) were originally included in a prior annual report, but concluded in the current year.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee’s failure to report or who submits a false report to the institution under Section 51.255(a)	0
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

Appendix F: Glossary

<p>Number of reports received under Section 51.252</p>	<p>Reports made by students and all other non-employees (including incidents under 3.5(d)(3)) are excluded from Appendices A and B. Additionally, if a Title IX Coordinator determines that the type of incident described in a report, as alleged, does not constitute “sexual harassment,” “sexual assault,” “dating violence,” or “stalking” as defined in the TEC, Section 51.251, the report is excluded from Appendices A and B. It is the responsibility of the Title IX Coordinator to assess each report received and determine whether it is properly included in this report, and if so, to correctly identify the type of incident.</p>
<p>Number of confidential reports under Section 51.252</p>	<p>“Number of confidential reports” is a sub-set of the total number of reports that were received under Section 51.252, by a confidential employee or office (e.g., Student Counseling Services or Student Health Services).</p>
<p>Disposition of any disciplinary processes for reports under Section 51.252</p>	<p>“Disposition” means “final result under the institution’s disciplinary process” as defined in the Texas Higher Education Coordinating Board’s (THECB) rules for the TEC, Section 51.259 [See 19 Texas Administrative Code, Section 3.6(3) (2019)]; therefore, pending disciplinary processes will not be listed until the final result is rendered.</p>
<p>Formal Investigation</p>	<p>Per the UH-System Policy, a formal investigation is initiated when the complainant or University files a formal complaint against the respondent.</p>
<p>No Finding of Policy Violation</p>	<p>“No Finding of a Policy Violation” refers to instances where there is no finding of responsibility after a formal investigation and an appeal process.</p>
<p>Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process</p>	<p>The institution may have determined “not to initiate a disciplinary process.” The reasons for not initiating a discipline process can include, but are not limited to: administrative closure; insufficient information to investigate; confidential employee reporting (no identifiable information); the respondent’s identity was unknown or not reported; the respondent was not university-affiliated; the complainant requested the institution not investigate the report; informal resolution was completed; the investigation is ongoing; or the formal investigation was completed with a preponderance of evidence not met.</p>

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Audit and Compliance Committee Charter and Checklist

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Attached for your review and approval is the Audit and Compliance Committee Charter and Checklist. The Audit and Compliance Committee Charter and Checklist are recommended guidelines for the operation of the Audit & Compliance Committee. The Board of Regents Bylaw 5.2.1 and the Audit and Compliance Committee Charter and Checklist, item number 26, requires an annual review and update. There are no suggested changes to this document.

SUPPORTING DOCUMENTATION: Audit and Compliance Committee Charter and Checklist

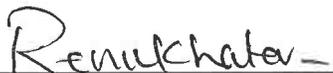
FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd 8/8/2021
DATE



CHANCELLOR Renu Khator 8/19/2021
DATE

University of Houston System

Audit & Compliance Committee Charter of the Board of Regents of The University of Houston System

Role

The Audit & Compliance Committee (“the Committee”) of the Board of Regents (“the Board”) of The University of Houston (“U. H.”) System assists the Board in fulfilling its responsibilities for:

- ◆ Oversight of the quality and integrity of the accounting and financial reporting practices, including the annual financial statements, and the system of internal controls;
- ◆ Oversight and direction of the internal auditing function, any external auditors or other outside expertise whom the Committee may employ, and engagements with the State Auditor;
- ◆ Oversight and direction for the System-wide institutional compliance function;
- ◆ Oversight of the review of effective institutional management practices which provide for effective risk management, accountability and stewardship at all U. H. System components; and
- ◆ Other duties as directed by the Board.

The Committee’s role includes a particular focus on U. H. System’s processes to manage business and financial risk, and for compliance with significant applicable legal, ethical, and regulatory requirements.

Membership

The membership of the Committee shall consist of not less than three regents, nor more than four. The Committee will have a committee chair, vice chair, and one or two additional regents, all of whom shall be appointed by the chair of the board. The chair of the board will serve as ex-officio for the Committee and will count for purposes of determining a quorum. A quorum is three for the Committee. One to four advisory members may be appointed to the Committee with the unanimous approval of the chair of the board, the chancellor, and the chair of the Committee. The advisory members will serve one-year terms from September 1 through August 31 and may be reappointed each year. Advisory members will not have voting authority.

Reporting

The Chief Audit Executive, System-wide Compliance Officer, and executive management shall provide periodic reports related to audit, compliance, and management review to the Committee. Any public accounting firm or other outside expertise employed by the Committee shall report directly to the Committee. The State Auditor’s reports will be submitted to this committee. The Committee is expected to maintain free and open communications, which shall include private

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executive sessions, at least annually, with these parties, as it deems appropriate and is permitted by law.

The Committee chairperson shall regularly report Audit & Compliance Committee activities to the full Board of Regents, particularly with respect to:

- (i.) any issues that arise regarding compliance with legal or regulatory requirements and the performance and independence of internal and external auditing and assurance functions; and
- (ii.) such other matters as are relevant to the Committee's discharge of its responsibilities.

Education

U. H. System executive management is responsible for providing the Committee with educational resources related to accounting principles and procedures, risk management, and other information that may be requested by the Committee. U. H. System executive management shall assist the Committee in maintaining appropriate financial and compliance literacy.

Authority

The Committee, in discharging its oversight role, is empowered to study or investigate any matter related to audit, compliance, and management of interest or concern that the Committee, in its sole discretion, deems appropriate for study or investigation by the Committee. The Committee shall be given full access to all U. H. System employees and operations as necessary to carry out this authority. The Committee through its chair is authorized to engage outside expertise, to the extent permitted by applicable law, should it choose to do so.

Responsibilities

The Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit & Compliance Committee Responsibilities Checklist. The responsibilities checklist will be updated annually by the Committee to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices. As the compendium of Committee responsibilities, the most recently updated responsibilities checklist will be considered to be an addendum to this charter.

The Committee relies on the expertise and knowledge of management, the internal auditors, the State Auditor, and any public accounting firm or other outside expertise they may employ in carrying out its oversight responsibilities. U. H. System executive management is responsible for preparing complete and accurate financial statements and for monitoring internal controls and compliance with all applicable laws, regulations, and internal policies and procedures. Any public accounting firm or other outside expertise hired by the Committee is responsible for performing the services specified in the hiring contract.

University of Houston System

CHECKLIST

Responsibilities Checklist for the Audit & Compliance Committee of the Board of Regents of The University of Houston System

1. The Committee will perform such other functions as assigned by law or the Board of Regents of The University of Houston System (“the Board”).
2. The Committee shall meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.
3. The agenda for Committee meetings will be prepared in consultation between the Committee chair (with input from the Committee members), U. H. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer.
4. The Committee shall verify that its membership is familiar with the Committee’s Charter, goals, and objectives.
5. The Committee shall review the independence of each Committee member based on applicable independence laws and regulations.
6. The Committee shall review and approve the appointment or change in the Chief Audit Executive.
7. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
8. The Committee shall provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm or other outside expertise employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
9. For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or

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other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level.

10. The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of U. H. System's engagements with public accounting firms.
11. The Committee shall review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources.
12. The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to U. H. System.
13. The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise:
 - a. The adequacy of U. H. System's internal controls including computerized information system controls and security;
 - b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions;
 - c. Any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto.
14. Regarding the U.H. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive:
 - a. U. H. System's annual financial statements and related footnotes;
 - b. Any audit and assurance work performed on components of the annual financial statements;
 - c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants;
 - d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements;

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- e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards.
15. The Committee shall require the U. H. System Chancellor and U.H. System Chief Financial Officer certify the annual financial statements for the U. H. System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution.
16. The Committee shall review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities.
17. The Committee shall review with executive management and the Chief Audit Executive at least annually U. H. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Bylaws and Policies, and/or operating policies or standards.
18. On an annual basis, the Committee shall review, recommend, and approve the annual audit plan, including the allocation of audit hours and internal audit budget and staffing.
19. Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive:
 - a. Significant findings during the year and management's responses thereto;
 - b. Any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information;
 - c. Any changes required in the planned scope of the audit plan.
20. The Committee shall conduct an annual performance review and evaluation of the Chief Audit Executive.
21. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters.
22. The Committee shall monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including:
 - a. Significant institutional risks identified during the year and mitigating actions taken;

University of Houston System

- b. Significant findings during the year and management's responses thereto;
 - c. Any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information;
 - d. Any changes required in planned scope of the compliance action plan.
23. The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities and receive a status update on the annual regent certification statements.
24. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters.
25. The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law.
26. The Committee shall review and update the Audit & Compliance Committee Responsibilities Checklist annually.
27. The Committee shall conduct an annual review of the report on compliance of each support organization.
28. The Committee shall receive an annual fraud prevention and awareness report which summarizes the fraud risk analyses and related risk mitigation strategies.
29. The Committee shall receive an annual report of all activities of the Identity Theft Prevention program.
30. The Committee shall receive an annual report to the Board listing all professional services and consulting contracts to a single entity greater than \$250,000 and for all other procurements (except investment agreements) where total compensation for system-wide sources to a single entity is expected to exceed \$1,000,000.
31. The Committee shall receive an annual report on the activities of the Internal Auditing Department in the format prescribed by the State Auditor's Office (Texas Government Code 2102.009).

University of Houston System

32. The Committee shall receive an audit report on the safety and security of the institution's facilities at least once every three years (Texas Education Code 51.217).

Last reviewed ~~08/20/20~~ 08/26/21

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Audit and Compliance Committee
Planner

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit and Compliance Committee Planner lists all actions required of the Audit and Compliance Committee with recommended schedules for these activities. Item 2.04 of the Planner requires the Audit and Compliance Committee to approve the Planner for the upcoming year.

SUPPORTING DOCUMENTATION: Audit and Compliance Committee Planner

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System

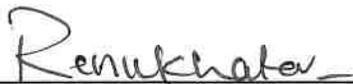


CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

8/8/2021

DATE



CHANCELLOR

Renu Khator

8/19/2021

DATE

University of Houston System Audit & Compliance Committee Planner

Item	Frequency	Jan- Mar	Apr- Jun	Jul- Sep	Oct- Dec
Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Q - Quarterly A - Annually AN - As needed				

1. General & Administrative:					
.01	Meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary. (2)	Q	X	X	X
.02	Prepare agenda for Committee meetings in consultation between the Committee chair (with input from the Committee members), U. H. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer. (3)	Q	X	X	X
.03	Approve minutes of previous meeting.	Q	X	X	X
2. Audit & Compliance Committee:					
.01	Verify that membership is familiar with the Committee's Charter, goals, and objectives. (4)	AN			
.02	Review the independence of each Committee member based on applicable independence laws and regulations. (5)	AN			
.03	Review and update the Audit & Compliance Committee Charter and Responsibilities Checklist annually. (26)	A		X	
.04	Approve Audit & Compliance Committee planner for upcoming year.	A		X	
.05	Provide orientation for new members.	AN			
.06	Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. (7)	AN			
.07	Provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm or other outside expertise employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate. (8)	AN			
3. Audit:					
.01	Review and approve the appointment or change in the Chief Audit Executive. (6)	AN			
.02	Conduct an annual performance review and evaluation of the Chief Audit Executive. (20)	A		X	
.03	Review Board of Regents policies on Internal Audit and Institutional Compliance; approve any changes.	A	X		
.04	Review, recommend, and approve the annual audit plan, including the allocation of audit hours and internal audit budget and staffing. (18)	A		X	

University of Houston System Audit & Compliance Committee Planner

Item	Frequency Q - Quarterly A - Annually AN - As needed	Jan- Mar	Apr- Jun	Jul- Sep	Oct- Dec
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Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.

.05	Consider and review with executive management and the Chief Audit Executive any changes required in the planned scope of the audit plan. (19c)	AN				
.06	Review the status of actual work performed relative to the approved annual plan.	Q A	X	X	X	X X
.07	Review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources. (11)	AN				
.08	Review the effectiveness of the internal audit function including compliance with <u>The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing</u> and the Texas Internal Auditing Act.	At least every 3 years				
.09	For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level. (9)	AN				
.10	Review the external Auditors' proposed audit scope and approach (for audits and consulting projects), including coordination of audit effort with internal audit.	AN				
.11	Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.	AN				
.12	Regarding the U.H. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive: a. U. H. System's annual financial statements and related footnotes; b. Any audit and assurance work performed on components of the annual financial statements; c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants; d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements; e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards. (14)	A	X			

University of Houston System Audit & Compliance Committee Planner

Item		Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.						
.13	The Committee shall require the U. H. System Chancellor and U.H. System Chief Financial Officer certify the annual financial statements for the U. H. System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution. (Effective 2/1/07) (15)	A	X			
.14	Review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities. (16)	AN				
.15	Review with executive management and the Chief Audit Executive at least annually U. H. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Bylaws and Policies, and/or operating policies or standards. (17)	A	X			
.16	Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information. (19b)	AN				
.17	The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto. (13c) & (19a)	Q	X	X	X	X
.18	The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of The University of Houston System's engagements with public accounting firms. (10)	AN				
.19	The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters. (21)	Q	X	X	X	X
.20	The Committee shall receive an annual report on the activities of the Internal Auditing Department in the format prescribed by the State Auditor's Office (Texas Government Code 2102.009). (31)	A				X
4. Compliance:						
.01	Review the annual compliance plan completed by the Compliance Officer and/or Compliance Office.	A			X	

University of Houston System Audit & Compliance Committee Planner

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
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.02	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant institutional risks identified during the year and mitigating actions taken. (22a)	Q	X	X	X	X
.03	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant findings during the year and management's responses thereto. (22b)	Q	X	X	X	X
.04	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information. (22c)	Q	X	X	X	X
.05	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any changes required in planned scope of the compliance action plan. (22d)	Q	X	X	X	X
.06	The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters. (24)	Q	X	X	X	X
.07	The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities and receive a status update on the annual regent certification statements. (23)	A				X
.08	The Committee shall conduct an annual review of the report on compliance of each support organization. (27)	A		X		

5. Other:						
.01	The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law. (25)	A & AN				X

University of Houston System Audit & Compliance Committee Planner

Item		Frequency	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.		Q - Quarterly A - Annually AN - As needed				
.02	Inquire of and discuss with executive management, the Chief Audit Executive, and the System-wide Compliance Officer any instances of fraud, errors, and illegal acts.	AN				
.03	The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to The University of Houston System. (12)	A			X	
.04	The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise: a. The adequacy of U. H. System's internal controls including computerized information system controls and security; and b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions. (13a & b)	A		X		
.05	The Committee shall 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. (28)	A				X
.06	The Committee shall receive an annual report of the Identity Theft Prevention program. (29)	A				X
.07	The Committee shall receive an annual procurement report. (30)	A				X
.08	The Committee shall receive an audit report on the safety and security of the institution's facilities at least once every three years (Texas Education Code 51.217) (32)	Every 3 years	X			

Last reviewed ~~08/20/20~~ 08/26/21

Legend:

Q - Quarterly
A - Annually
AN - As Needed

Frequency indicates a minimum requirement. If issues arise that require attention, they should be addressed regardless of the frequency or time period indicated.

X - indicates the month/s in which the activity occurs

(#'s)

The numbers noted in parenthesis at the bottom right of the item description refer to the number of the item in the Responsibilities Checklist for the Audit & Compliance

**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 University of Houston System Internal Audit Report issued since the May 20, 2021 Audit & Compliance Committee Meeting of the Board of Regents:

- Construction and Other Contracts Requiring Board of Regents' Approval, Activity from April 1, 2021 to June 30, 2021.

The Internal Audit Report 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:**

FY21 Internal Audit Activity and Internal Audit Report

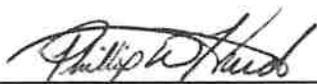
FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:**

Information

COMPONENT:

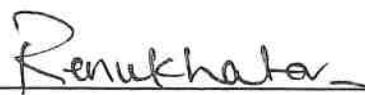
University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

8/23/2021

DATE



CHANCELLOR Renu Khator

8/23/2021

DATE

UNIVERSITY OF HOUSTON SYSTEM INTERNAL AUDITING DEPARTMENT

INTERNAL AUDIT REPORT

AR2021-08 Construction and Other Contracts Requiring BOR Approval

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

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

CONSTRUCTION AND OTHER CONTRACTS
REQUIRING BOARD OF REGENTS
APPROVAL

Activity from April 1, 2021 to
June 30, 2021

REPORT NO. AR2021-08



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 Executive

DATE: August 6, 2021

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 April 1, 2021 through June 30, 2021. 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 August 26, 2021 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
April 1, 2021 through June 30, 2021

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.

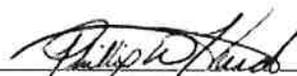
Scope of Work: The internal audit review of procurement of construction and other contracts requiring Board of Regents approval covers the time period from April 1, 2021 through June 30, 2021.

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



Phillip W. Hurd
Chief Audit Executive
June 29, 2021

UHS Construction and Other Contracts Requiring Board of Regents Approval
Internal Audit Activity
April 1, 2021 to June 30, 2021

BOR Approval Internal Audit Review

BOR Approval

<u>Project or Contract Description</u>	<u>Solicitation Type</u>	<u>(\$ Millions)</u>	<u>BOR Approval</u>		<u>Initiated</u>	<u>Completed</u>
			<u>FCMP Comm. (Scope) Date</u>	<u>F&A Comm. (Financing) Date</u>		
<u>Construction Projects \$10 Million and Over</u>						
UH - John M. O'Quinn Law Building - FE	ITB	1.5	8/22/2019	8/22/2019		
UHV - Health and Wellness Center - CSP	RFP	16.0	8/20/2020	8/20/2020		
UH - Science, Engineering, & Research HVAC Upgrades and Roof Replacement - CSP	RFP	10.6	8/20/2020	8/20/2020		
<u>Construction Projects Over \$1 Million and Under \$10 Million</u>						
UHS - Road/Parking Maintenance (up to 3 awards at 2.5M/each)	RFP	2.5	N/A	2/28/2019		
UHS - Construction and Renovation Project Management Augmentation	RFQ	5.0	N/A	2/28/2019	✓	
UHD - Campus Elevator Maintenance and Modernization	RFP	2.3	N/A	2/27/2020	✓	✓
UH - Lighting & Security Upgrades	RFP	3.8	N/A	8/20/2020		
UH - General Services Roof Replacement	RFP	4.5	N/A	8/20/2020	✓	✓
UH - Multiple Fire Alarm Upgrades	SS	2.2	N/A	8/20/2020	✓	✓
UHS - Architectural Services Continuing Services Agreement (up to 10 awards)	RFP	15.0	N/A	12/3/2020		
UH - CWM Center for the Arts Wortham Theater Roof Repair	RFP	2.0	N/A	2/25/2021	✓	✓
UH - Agnes Arnold Elevator Repair	RFP	1.8	N/A	5/20/2021	✓	✓
<u>Non-Construction Contracts Over \$1 Million</u>						
UH - Housing Access Control	RFP	4.0	N/A	2/27/2020		
UH - Oil and Gas Analysis Equipment	SS	1.1	N/A	2/25/2021		
UH - Academic Transcript Delivery and Diploma Replacement Order Processing	RFP	2.2	N/A	5/20/2021	✓	✓
UH - Campus Network Infrastructure	RFP	12.0	N/A	5/20/2021	✓	✓

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.

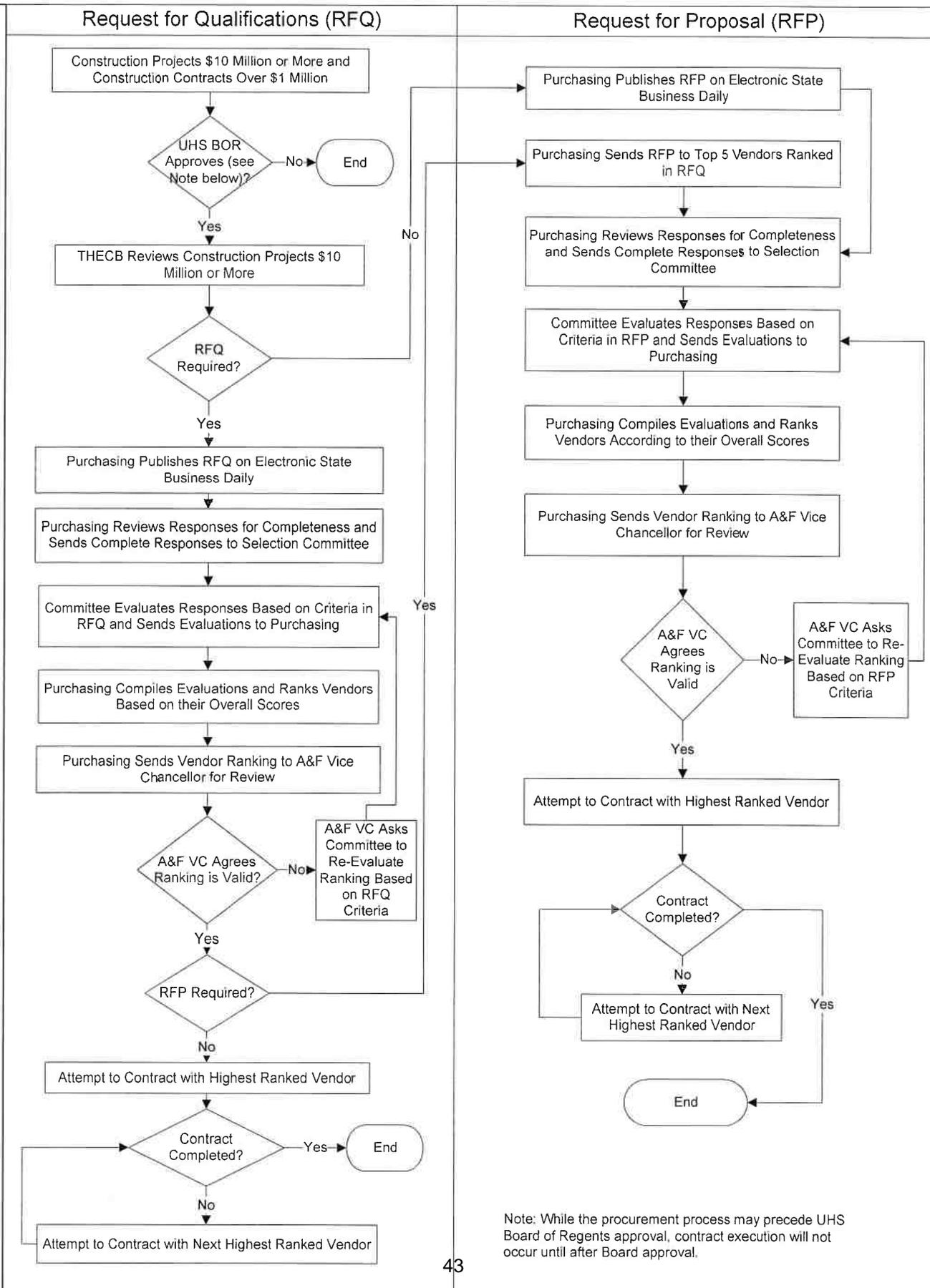
RFP - Request for Proposal

RFQ - Request for Qualifications

FE - Furnishings and Equipment

CSP - Competitive Sealed Proposal

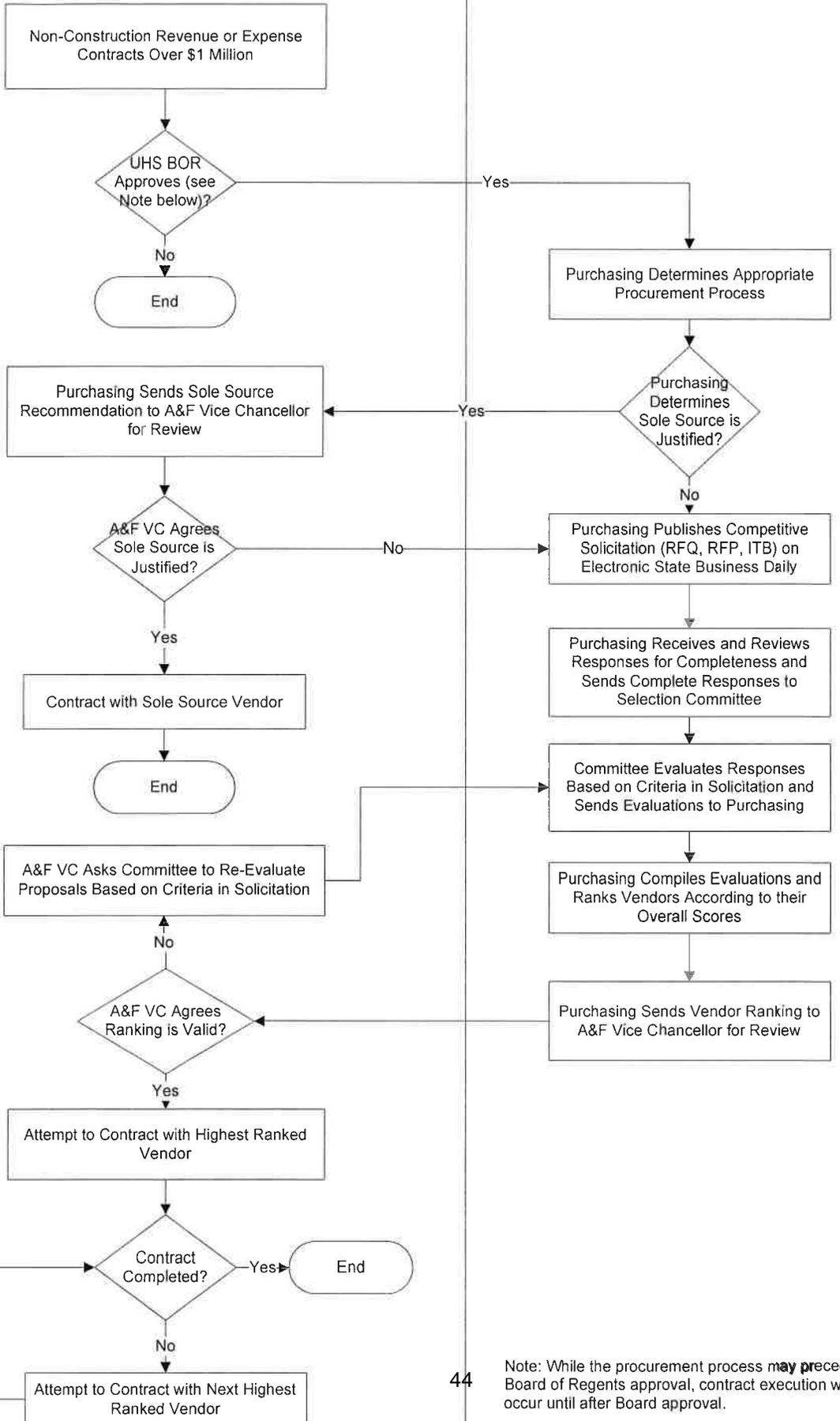
University of Houston System Construction Projects \$10 Million or More and Construction Contracts Over \$1 Million



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

Approval Process

Procurement Process



44

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
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Annual Internal Audit Plan and Changes to the Internal Audit Department

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Attached for your review and approval is the UHS Internal Auditing Department Annual Internal Audit Plan for Fiscal Year 2022 (Audit Plan). The Audit Plan has been prepared to meet the requirements of the Board of Regents policy and the Texas Internal Auditing Act (Texas Government Code, Sec. 2102), as amended. The Texas Internal Auditing Act requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame.

The Internal Audit Department has been reorganized and the Chief Audit Executive will introduce the changes, the staff, and discuss what effects these changes will have. Also, additional changes in infrastructure, audit process, and data analytics will be shown.

SUPPORTING

DOCUMENTATION: Annual Internal Audit Plan, FY 2022

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

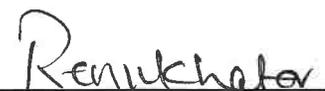
COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

8/8/2021

DATE



CHANCELLOR Renu Khator

8/19/2021

DATE

Annual Internal Audit Plan and Changes to the Internal Audit Department

August 26, 2021

Overview

1. Internal Audit Definition
2. Staff Members and Certified Competencies
3. Current Status Snapshot
4. Proposed Audit Plan
5. Additional Points

Definition of Internal Auditing

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Staff Members and Certified Competencies

Name	Job Title	Certifications
Hurd, Phillip Wayne	Chief Audit Executive	CCEP, CIA
O'Neal, Brandee M	Director	CIA
Moreno, Cesario Anthony	Auditor IV (UHCL Specialist)	CFE
Gerry, Kim A.	Auditor IV (UHD Specialist)	CFE
Applebach, Connie C	Auditor III	CISA
Collier, Jeff A.	Auditor III	
Davis, Tamara T	Auditor II	
Porter, Eric	Auditor II	
Tran, Emily Kim	Auditor II	
McClellan, Elias Jacob	Auditor II	CFE
Buoy, Johnnie	IS Support and Dev	
White, Barbara Carol	Asst, Administrative, Exec	
Dahlke, Sandra	RBW Asst, Admin, Exec	CAP

FY21 Internal Audit Activity

as of August 26, 2021 Board of Regents Meeting

Audits Completed

- Export Controls (UHCL)
AR-2021-07
- Contracts Requiring Board of Regents Approval (UHS)
AR - 2021-01
AR - 2021-04
AR - 2021-06
AR - 2021-08
- Accounts Payable
AR - 2021-05
- Board of Regents Travel and Entertainment FY20
AR - 2021-02
- Chancellor/President's Travel and Entertainment FY20 (UHS/UH)
AR-2021-03

Internal Audit 08/26/21

Special Projects Completed

- Vendor Validation (UH, UHCL, UHD and UHV)
- UHS Institutional Compliance Fraud and Non-Compliance Hotline (~115 Reports)
- UHD Admissions
- UHD Grant Issue
- UHCL Vendor Issue

Audits in Progress

- Research Governance and Process Overview (UH, UHCL and UHD)
- Export Controls (UH)
- Intellectual Property, Oversight and Protection (UH)
- Compliance with Federal Sentencing Guidelines (UH, UHCL, UHD and UHV)
- Travel Expense (UH, UHCL, UHD and UHV)
- Board of Regents Travel and Entertainment FY21
- President's Travel and Entertainment FY21 (UH, UHCL, UHD and UHV)
- Contracts Requiring Board of Regents Approval (UHS)
- Joint Admission Medical Program (UHV)
- Accounts Receivable (UH, UHCL, UHD and UHV)
- UHS Emergency Management

Special Projects in Progress

- UHS Institutional Compliance Fraud and Non-Compliance Hotline (Varies per FY)
- UH Business school Contract Issue.
- UHD/UH Formula funding issue – referred by THECB
- Research compliance issue
- Lab Safety and compliance oversight

Audits in Planning

- Procurement Card Management (UH, UHCL, UHD and UHV)
- Compliance with Education Code §51.9337 (UHS)

5 of 9

Existing Year Projects that are in Process			
No.	TITLE	STATUS (select from drop-down list)	COMMENTS
1	Procurement Card Management (UH, UHCL, UHD and UHV)	Project Currently In Progress	Started in August
2	Intellectual Property, Oversight and Protection (UH)	Project Currently In Progress	In fieldwork
3	Research Governance and Process Overview (UH, UHCL, UHD)	Project Currently In Progress	In fieldwork
4	Travel Expense (UH, UHCL, UHD, and UHV)	Project Currently In Progress	Started in August
5	Joint Admissions Medical Program (UHV)	Project Currently In Progress	Scheduled to be finished by November
6	Education Resource Center (UH)	Project Currently In Progress	In fieldwork
7	Compliance with Federal Sentencing Guidelines (UH, UHCL, UHD and UHV)	Project Currently In Progress	in fieldwork
8	Accounts Receivable	Project Currently In Progress	In fieldwork
9	Export Controls	Project Currently In Progress	Working on Identified risk.
10	Compliance with Education Code §51.9337 (UHS)	Project Currently In Progress	Scheduled to be finished by November
11	Travel & Entertainment Expenditures - Board, FY21	Project Currently In Progress	Board Requested - Continual -Report in November
12	Travel & Entertainment expenditures - President, FY21 (UH, UHCL, UHD, and UHV)	Project Currently In Progress	Board Requested - Continual -Report in November
13	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 AI and RPA into the audit process.

Additions to Audit Plan Based on Risk Assessment and Risk Register

No.	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
1	Grants Management	Assurance	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	X		
2	Conflict of Interest	Blended	Operational	Full 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	X	X	X
3	Capital Assets Management	Assurance	Operational	Full Review	Medium Term - 7-12 Months	This is a verification and validation of equipment, process for tracking and management and efficacy analysis against modern systems.		X	X	X	X
4	Compliance with NIST 800-171	Blended	Information Technology	Limited Review	Near Term - 1-6 Months	Research security is of paramount importance and protection of unclassified but sensitive information is now a requirement for many research areas. This audit will provide a gap analysis.	X	X	X	X	X
5	Research Center Management	Assurance	Financial	Controls Review	Near Term - 1-6 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			
6	Facilities Cost of Quality	Blended	Operational	Limited Review	Medium Term - 7-12 Months	This audit will analyze work order process, rework, callback and manage control over the process.		X			
7	Training Audit	Assurance	Compliance	Controls Review	Medium Term - 7-12 Months	Federal sentencing guidelines dictate that training be effective. This audit will analyze training requirements at all 4 UHS university's and the effectiveness to employee.		X	X	X	X
8	Foreign Influence Analysis and oversight	Consulting	Compliance	Limited Review	Near Term - 1-6 Months	This is a special project to assist the compliance function in ensuring foreign influence and export controls are managed properly.		X			
9	Annual Procurement Report	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit		X			
10	Athletics - Football Attendance	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit		X			
11	Board of Regents Travel & Entertainment, FY 2022	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X				
12	Chancellor/President's Travel & Entertainment, FY 2022	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X	X	X	X
13	Construction and Other Contracts Requiring Board of Regents Approval	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X			

Additions to Audit Plan Based on Risk Assessment and Risk Register

No.	ENGAGEMENT TITLE	GROUPING	TYPE	SCOPE	TIME FRAME	INCLUSION RATIONAL	Entity to be Audited				
							UHS	UH	UHCL	UHD	UHV
	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.					
14	Compliance with Education Code 51.9337	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X				
15	NCAA-Rules Compliance	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X			
16	Quality Assurance Reviews - Internal/External	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X			
17	State Benefits Proportionality	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X	X	X	X
18	Education Resource Center (UH)	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X			
19	Compliance with Texas Administrative Code §202	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X	X	X	X

Additional Points

- 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.)
- Internal Audit has been reorganized to provide more customer service, more audit effort, increase efficiency and decrease management overhead.