

Audit and Compliance Committee
Meeting
Thursday, December 2, 2021 10:30 AM

Hilton University of Houston Hotel, Conrad
Hilton Ballroom, Second Floor
4800 Calhoun Rd
Houston, TX 77204

Agenda

I. **Audit and Compliance Committee**

Presenter: Chair Jack Moore

I.A. Call to Order

Presenter: Chair Jack Moore

I.B. Approval of Committee Minutes

- August 26, 2021, Audit and Compliance Committee meeting

Action: Approval

Presenter: Chair Jack Moore

I.C. Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended October 31, 2021 and Report on the Outcome of Closed Hotline Reports for FYs 2020 and 2021 - University of Houston System

Action: Information

Presenter: Susan Koch, System-wide Compliance Officer

I.D. Report on University of Houston System, Ethics and Conflict of Interest Policies of the Board of Regents and each of the Universities, Fiscal Year 2022 - University of Houston System

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

I.E. Report on University of Houston System, Annual Fraud Prevention and Awareness Report, Fiscal Year 2021 - University of Houston System

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

I.F. Report on University of Houston System, Identity Theft Prevention Program - Executive Summary, Fiscal Year 2021 - University of Houston System

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

I.G. Report on University of Houston System, Annual Procurement Report, Fiscal Year 2021- University of Houston System.

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

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

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

I.I. Report on University of Houston System, Internal Auditing Department - Annual Report, Fiscal Year 2021 - University of Houston System

Action: Information

Presenter: Mr. Phil Hurd, Chief Audit Executive

II. **Executive Session**

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.

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

Presenter: Chair Jack Moore

V. **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 October 31, 2021 and Report on the Outcome of Closed Hotline Reports for FYs 2020 and 2021

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 Report on the Outcome of Closed Hotline Reports for FYs 2020 and 2021 details the outcome of the hotline reports that were closed in the past two fiscal years.

SUPPORTING DOCUMENTATION: Institutional Compliance Hotline Report; Report on the Outcome of Closed Hotline Reports for FYs 2020 and 2021

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



SYSTEM-WIDE COMPLIANCE OFFICER Susan Koch

11/4/2021

DATE



CHANCELLOR Renu Khator

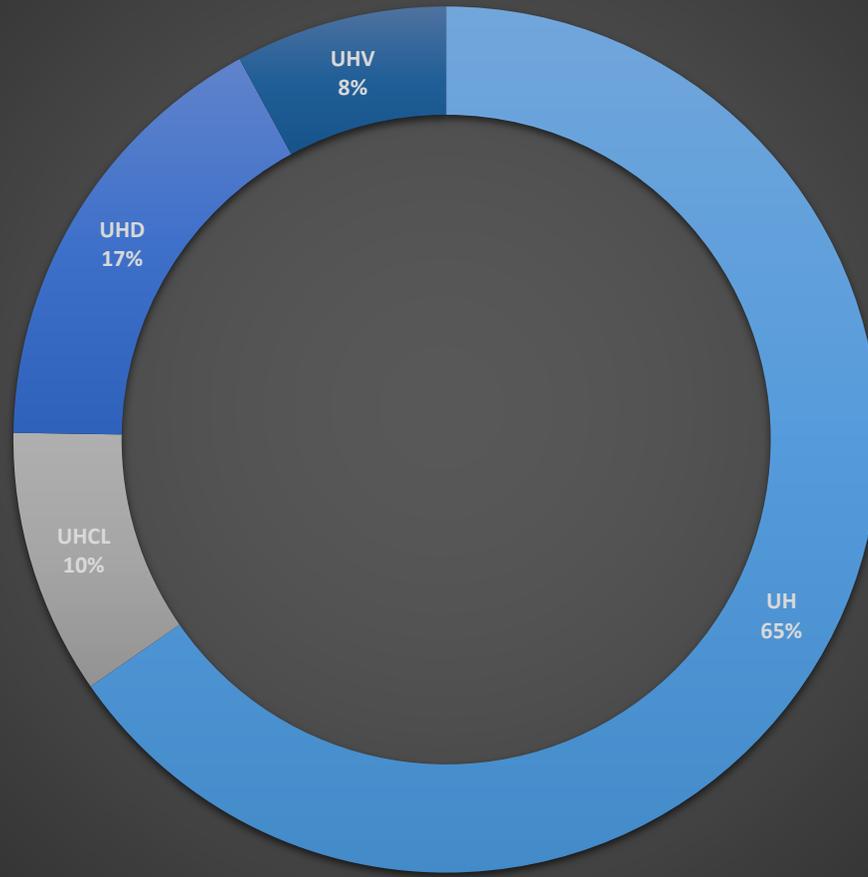
11/24/2021

DATE

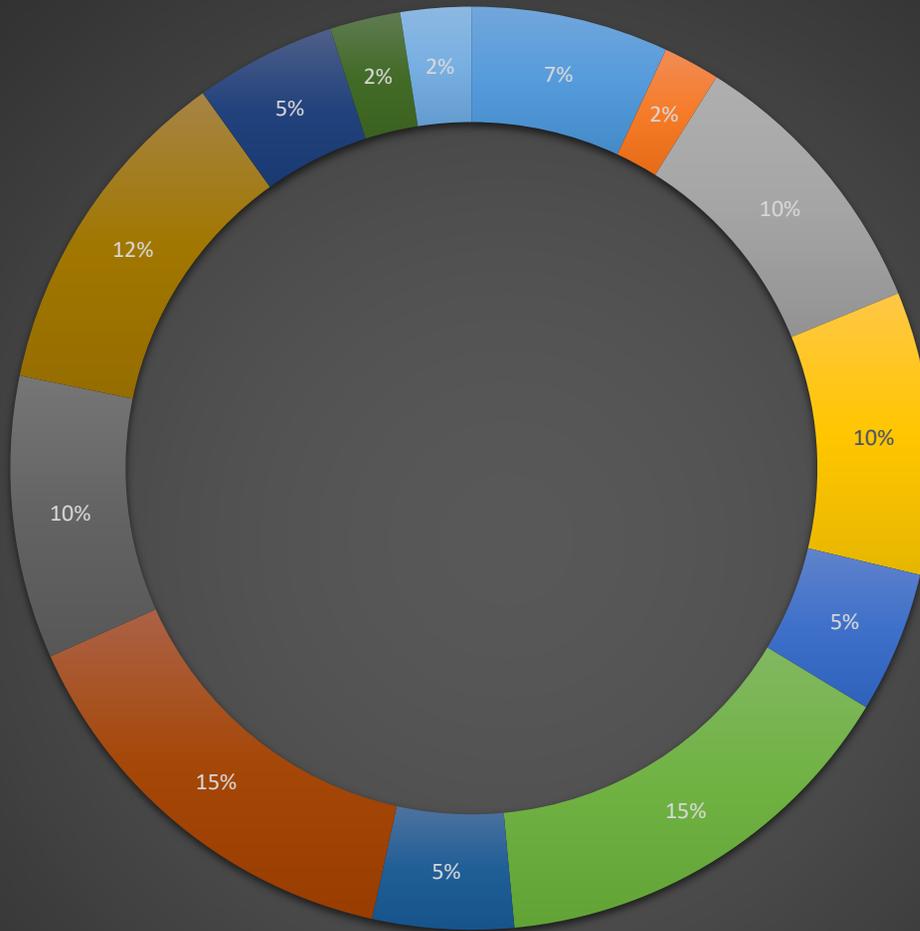
UNIVERSITY OF HOUSTON SYSTEM
Institutional Compliance Hotline Report for the three months ended October 31, 2021
and
Report on Outcome of Closed Hotline Reports for FYs 2020 and 2021

Hotline reports for all Universities

Issues Reported by Institution

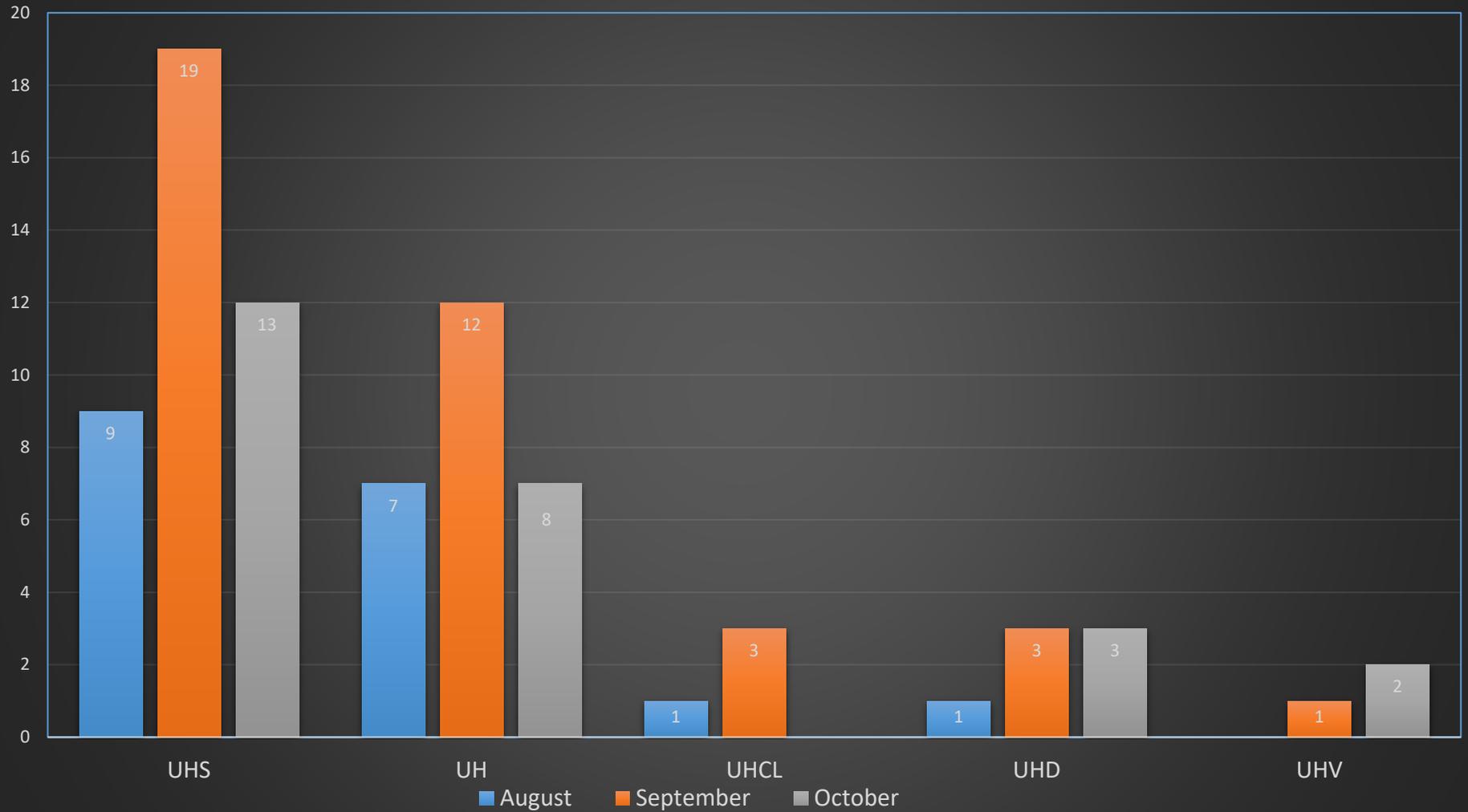


Reported Issues by Type Across UHS

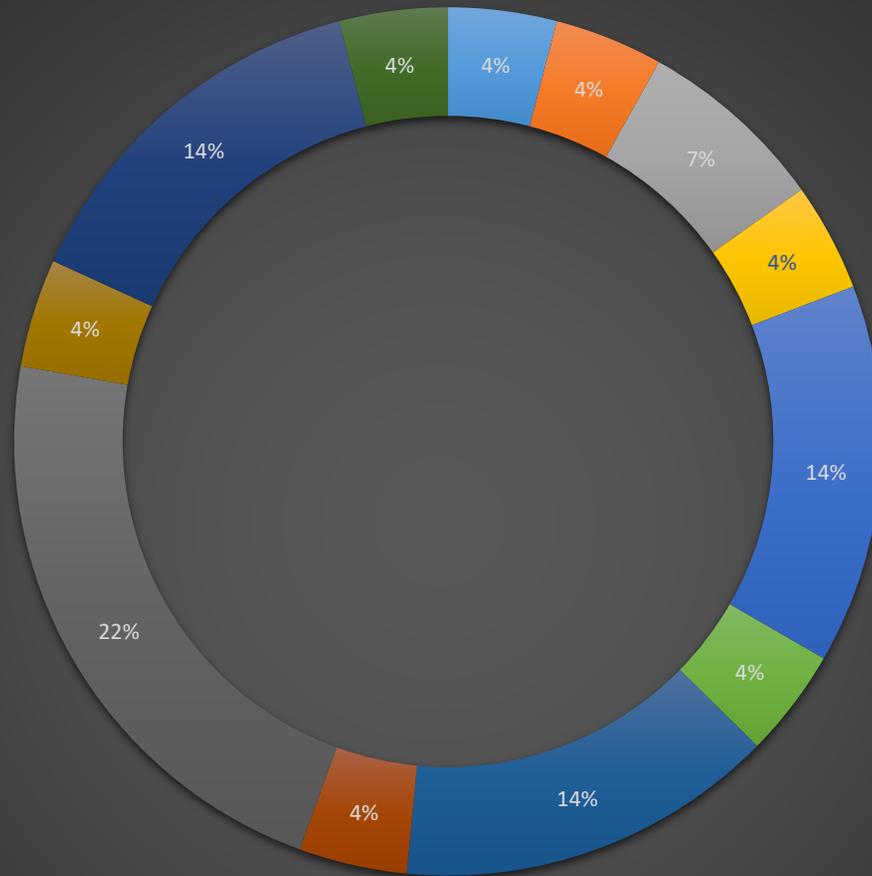


- Ethics Violation
- Academic Concerns
- Abuse of Power
- Discrimination
- Conflict of Interest
- Coronavirus
- Fraud
- Harassment
- Sexual Misconduct
- Compliance Violations
- Campus Safety
- NCAA Rules
- Employee Relations

Issues Reported by Month

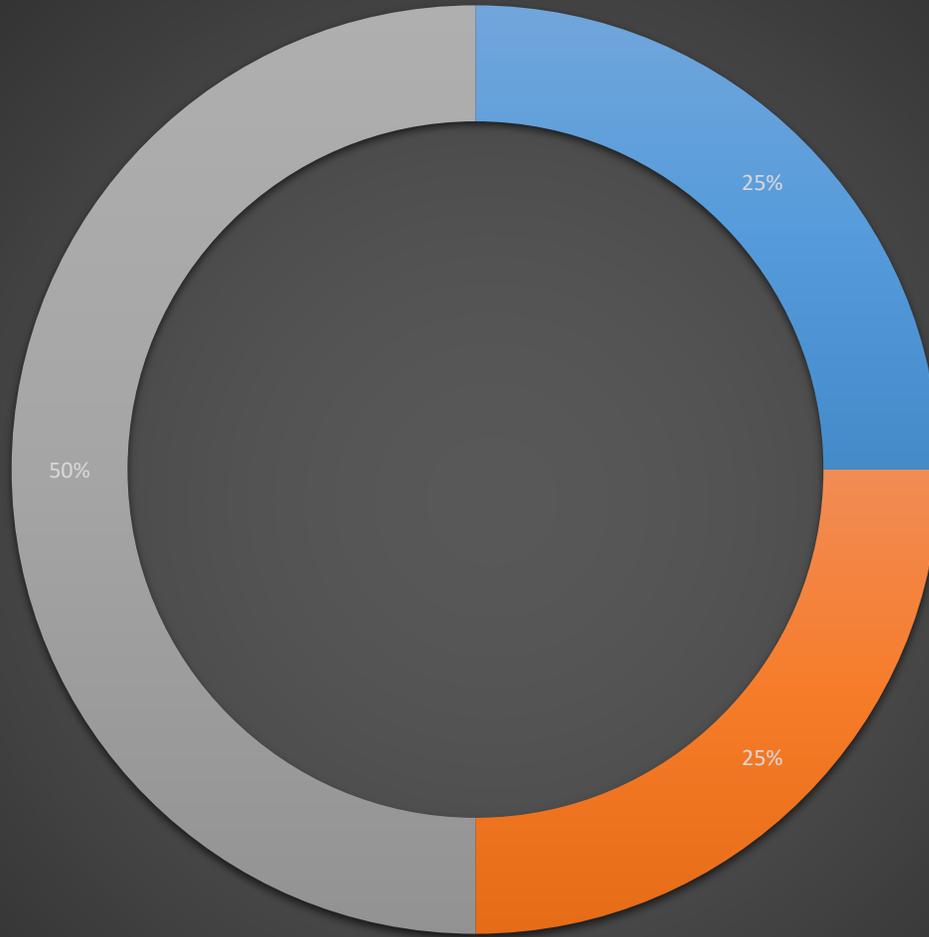


UH Case Breakdown



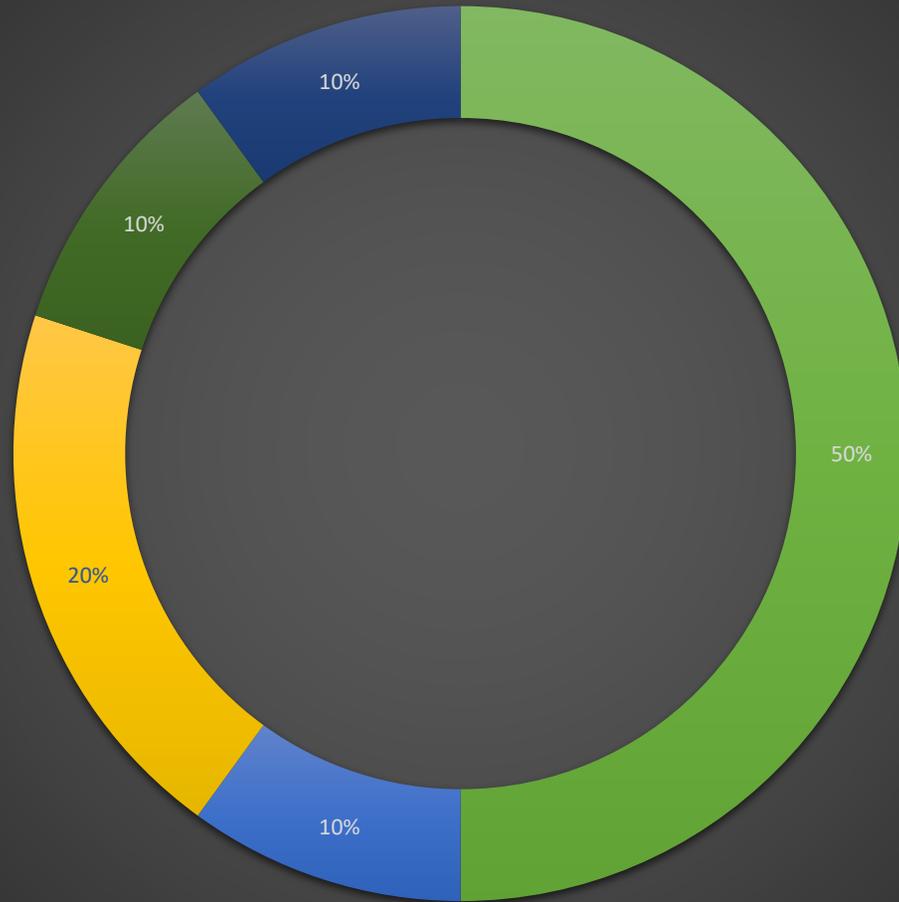
- Ethics Violation
- Academic Concerns
- Compliance Violations
- Abuse of Power
- Discrimination
- Employee Relations
- Coronavirus
- Fraud
- Harassment
- NCAA Violations 3.85%
- Sexual Misconduct
- Campus Safety

UHCL Case Breakdown



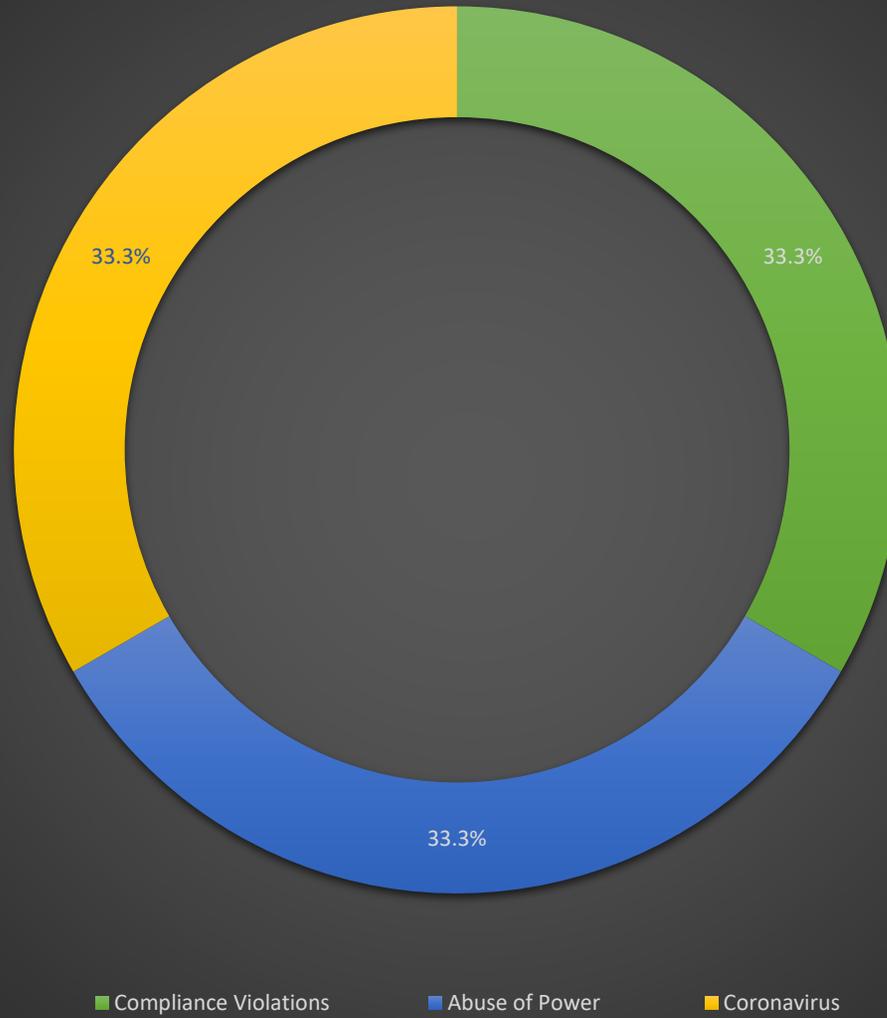
■ Campus Safety ■ Abuse of Power ■ Conflict of Interest

UHD Case Breakdown

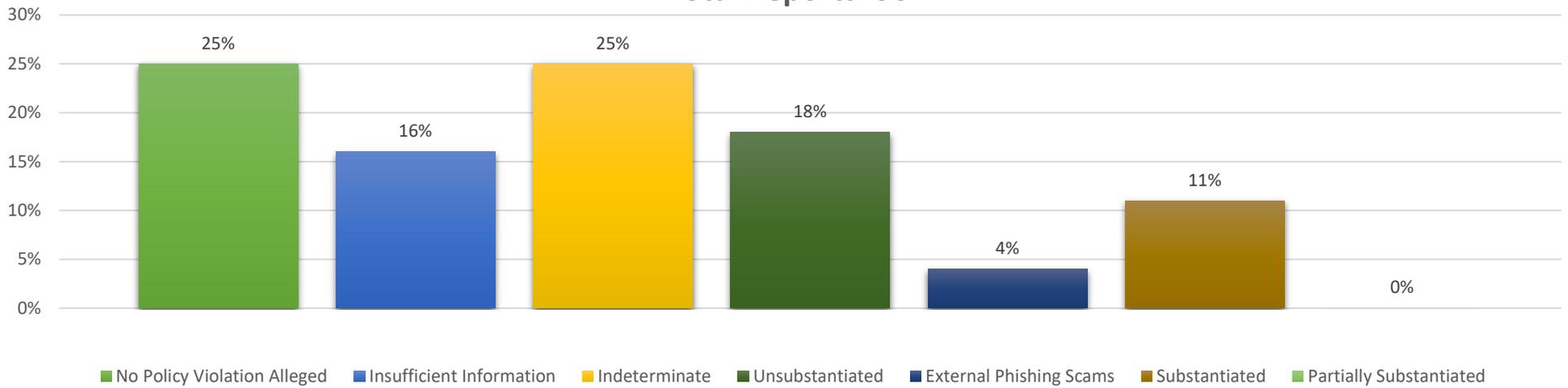


■ Ethics ■ Abuse of Power ■ Compliance Violations ■ Coronavirus ■ Fraud

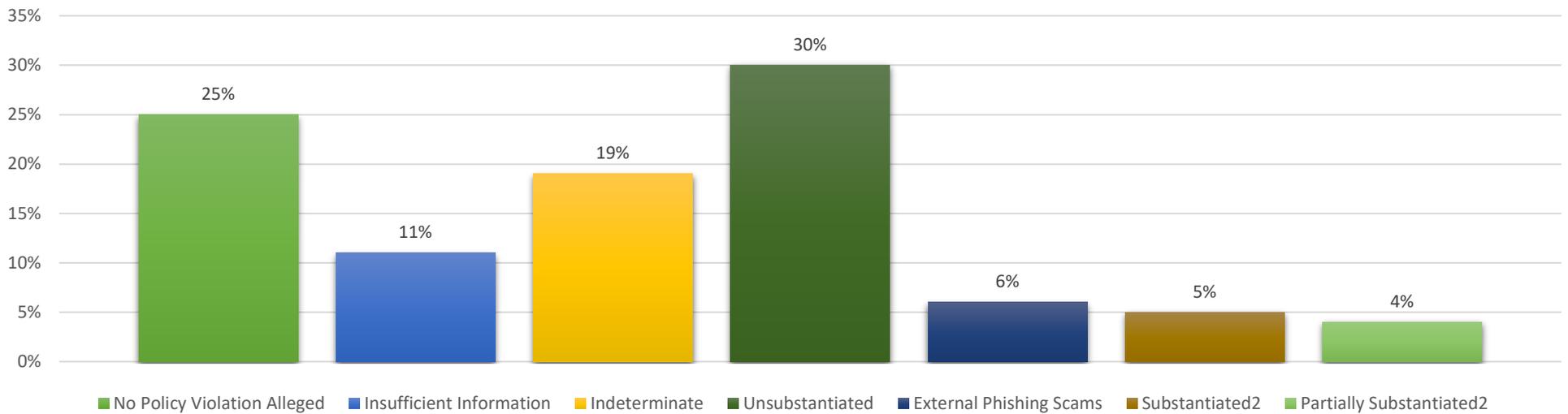
UHV Case Breakdown



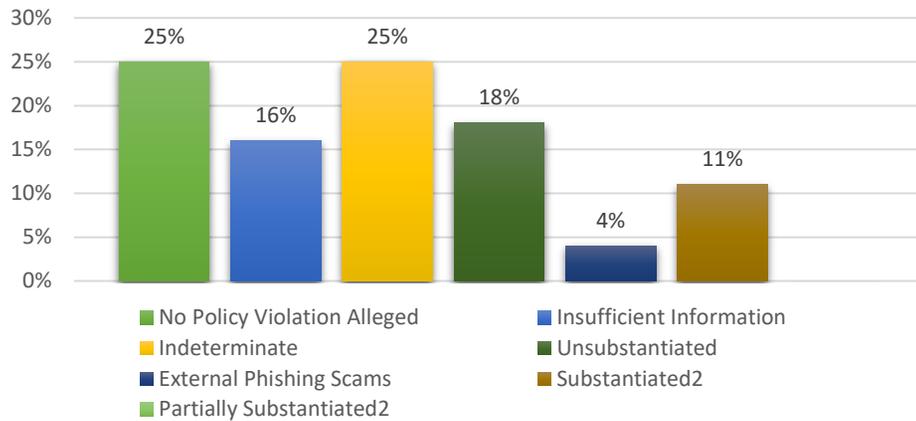
UHS
Outcome of Closed Hotline Reports for FY 2021
Total Reports: 90



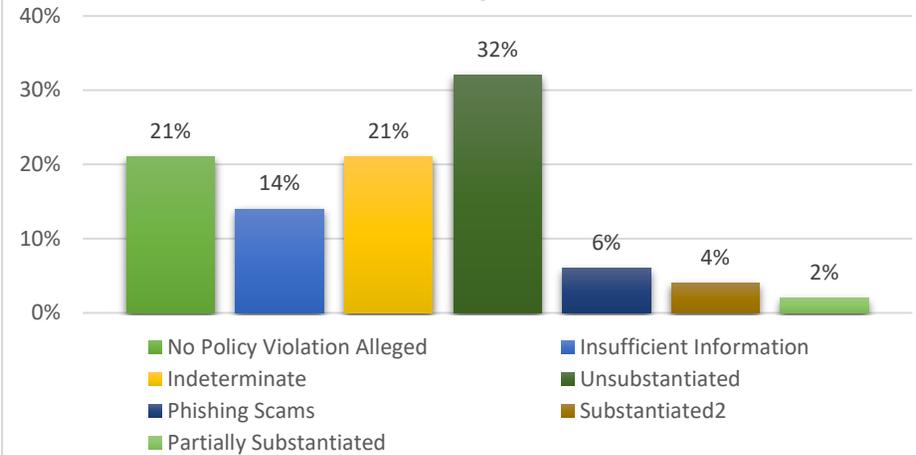
UHS
Outcome of Closed Hotline Reports for FY 2020
Total Reports: 140



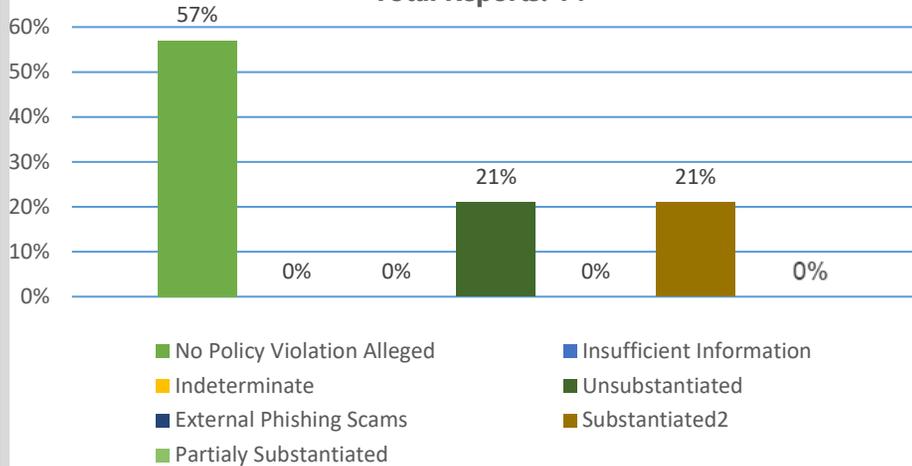
UH
Outcome of Closed Hotline Reports for FY 2021
Total Reports: 55



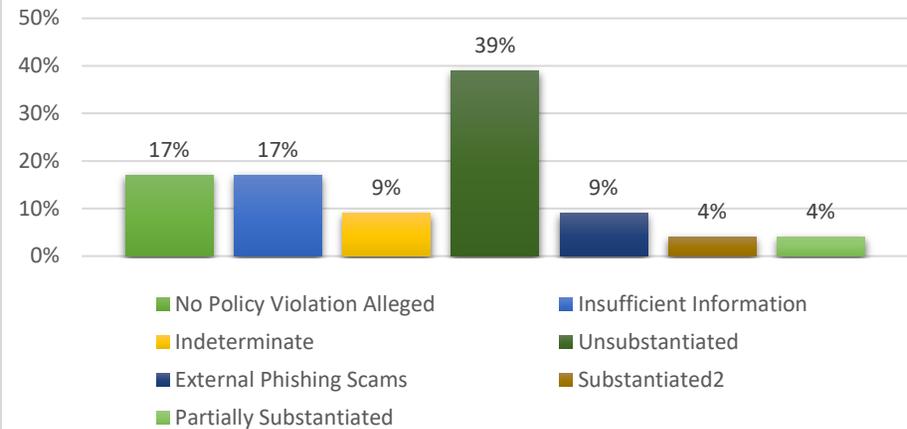
UH
Outcome of Closed Hotline Reports for FY 2020
Total Reports: 81

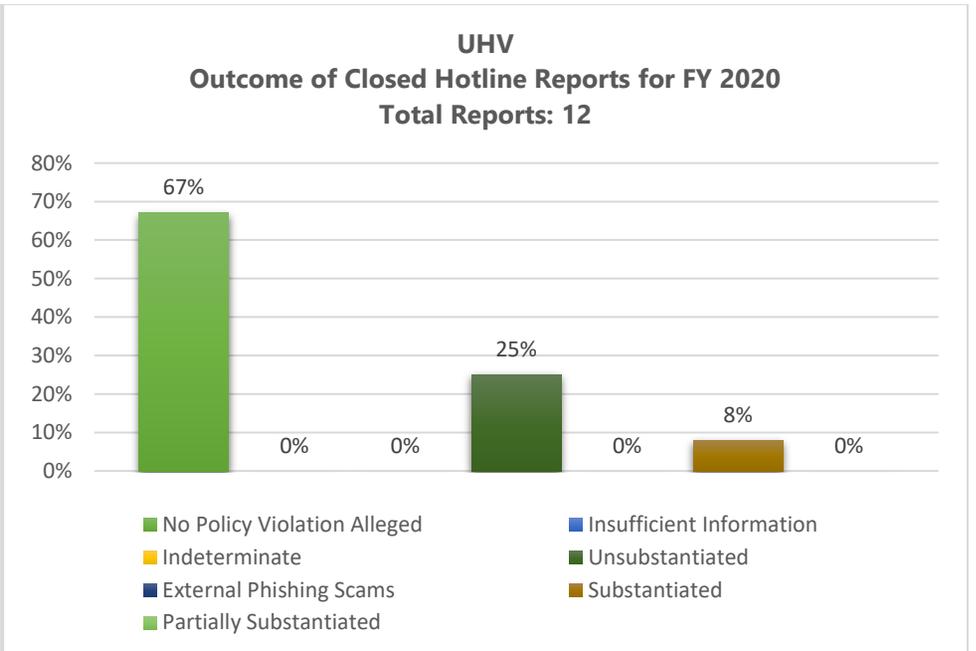
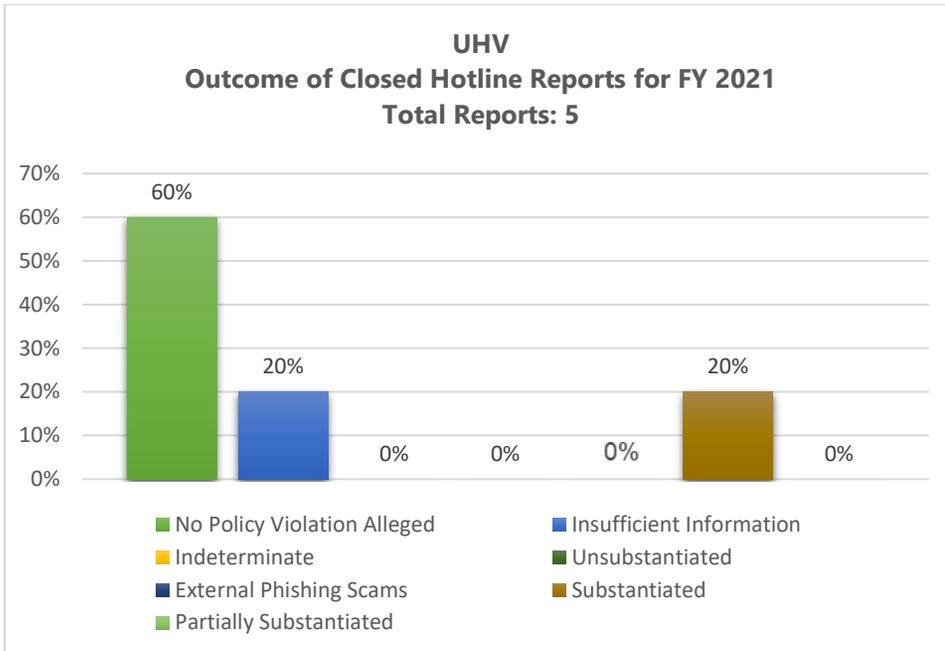
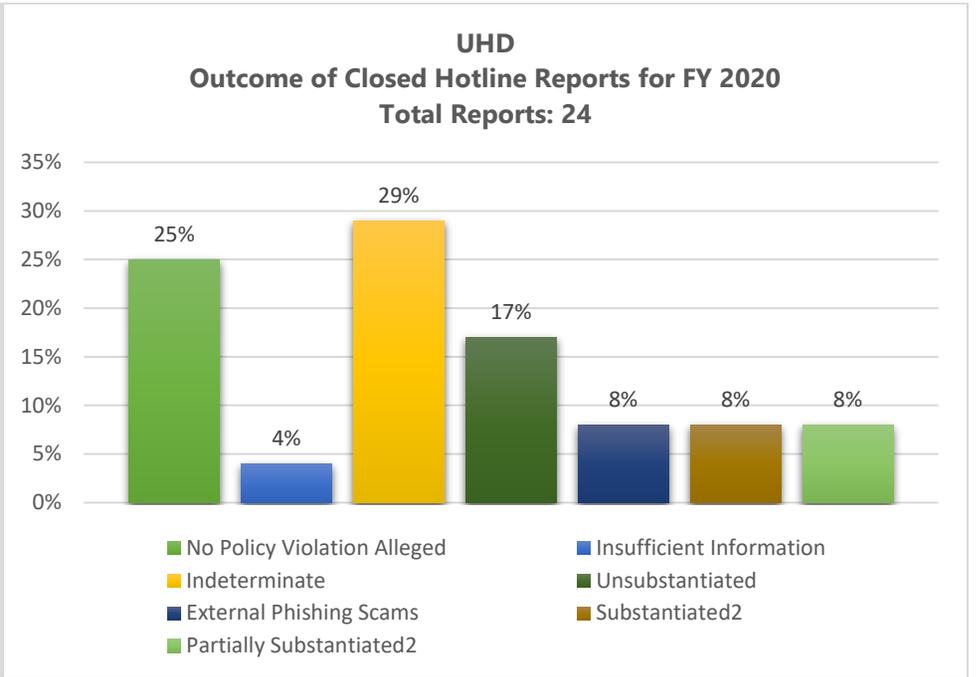
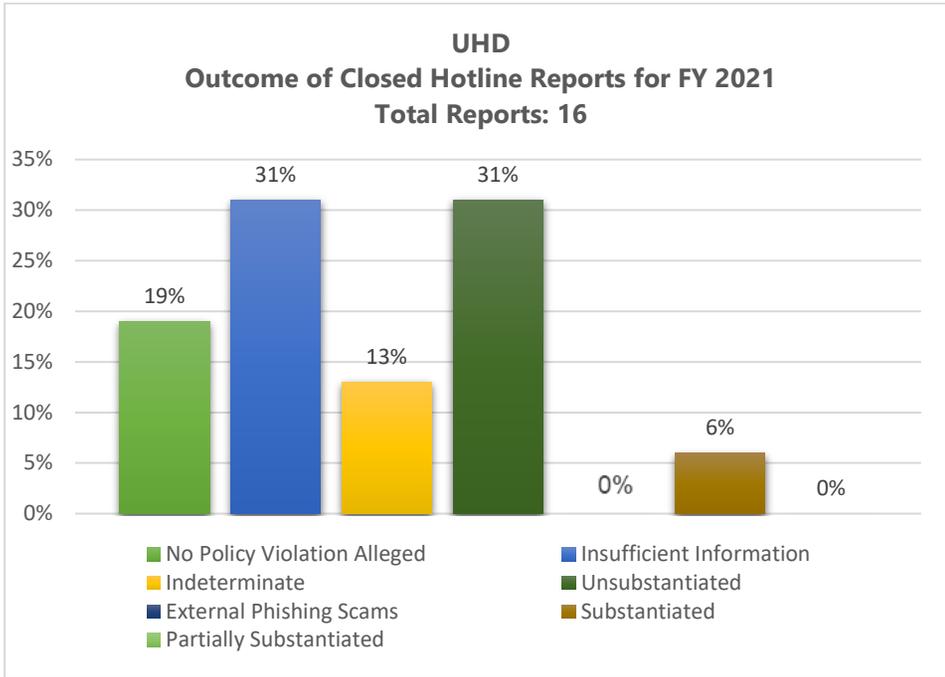


UHCL
Outcome of Closed Hotline Reports for FY 2021
Total Reports: 14



UHCL
Outcome of Closed Hotline Reports for FY 2020
Total Reports: 23





**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 2022

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 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 and Summaries, FY 2022 (including changes during the past year), 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



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

**11-12-21
DATE**



CHANCELLOR

Renu Khator

11/24/2021
DATE

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS
AUDIT & COMPLIANCE COMMITTEE

ETHICS AND CONFLICT OF INTEREST POLICIES
OF THE
BOARD OF REGENTS AND EACH OF THE UNIVERSITIES
FY 2022

University of Houston System
Ethics and Conflict of Interest Policies
Summary

December 2, 2021

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 December 3, 2020 include:

Board of Regents

- “Housekeeping changes” throughout the policy to modify the pronouns to be gender neutral and to delete the term “component university.”

University of Houston System

- SAM 02.A.09 (Conflict of Interest) incorporated “housekeeping changes” throughout the policy effective 10/7/21 to modify the pronouns to be gender neutral and to delete the term “component university.”
- SAM 02.A.29 (Ethical Conduct of Employees) incorporated legal changes to Section 4.9 effective 05/27/21 by adding the phrase “and duties for the local office” and deleting the phrase: “and so long as the office does not involve a political party primary or a party affiliation” and housekeeping changes throughout to delete the term “component university.”
- Policy on Conflict of Interest in Research - 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

- ~~ULC1998.004 – Consulting and Outside Employment (12/11/08)~~
- ~~LRRC2005.001 – Procedure on Conflicts of Interest for Investigators (03/10/05)~~
- ~~10.2.4 – Research Ethics Policy and Procedures (June 1998)~~
- ~~Annual Certification of Compliance for Investigators FY 2020~~
- ~~ULC1997.010 – Nepotism (12/10/09)~~
- MAP 02.A.08 - Consulting and Paid Professional Service (dated 6/18/2021) – New policy developed to based on SAM 02.A.08 (Consulting and Paid Professional Service) to prescribe the regulations to be followed to ensure compliance with Board Policy 57.02, Consulting and Paid Professional Service, as well as state laws, and to assist the employee in managing or eliminating potential conflicts.
- MAP 02.A.09 Conflict of Interest (dated 6/18/2021) – New policy developed based on SAM 02.A.09 (Conflict of Interest) to present requirements to avoid conflicts of interest in accordance with Texas Government Code Section 572.051, Texas Education Code Section 51.9337, and Board of Regents Policies, including 57.01, 57.02, 57.04, 57.05 and 57.08
- MAP 02.A.21 – Nepotism (dated 07/09/2021) – New policy developed based on SAM 02.A.21 (Nepotism) to set forth policy on nepotism, and requires compliance with State of Texas statutes, Board of Regents Policy 57.07, and regulations regarding unfair employment practices due to nepotism.

- SAM 02.A.29 – Ethical Conduct of Employees (revised May 27, 2021) – This policy is listed and referenced in our UHCL Policies, Standards and Guidelines as the Ethics Policy.

University of Houston-Victoria

- No changes or updates were made.

FY 2022
UNIVERSITY OF HOUSTON SYSTEM
ETHICS AND CONFLICTS OF INTEREST POLICIES
 As of **September 30, 2021**
 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

- 4 57.01 Code of Ethics (08/24/17)
- 8 57.08 Conflicts of Interest (08/24/17)
- 7 Board of Regents Conflict of Interest Certification FY 2021-2022

University of Houston System

- 9 SAM 02.A.09 Conflict of Interest 10/07/21
- 11 SAM 02.A.29 Ethical Conduct of Employees (05/27/21)

University of Houston

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

University of Houston-Downtown

- 43 05.C.07 Code of Conduct – Procurement Responsibilities (09/16/14) (Reaffirmed 2/21/2020)
- 47 06.A.03 Standards of Conduct in Government-Sponsored Research (08/17/15)
- 50 06.A.04 Procurement Integrity Policy (08/17/15)
- 50 06.A.07 Misconduct in Research, Scholarly, Creative and Government Sponsored Activities (2/12/2020)

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)
- 59 MAP 02.A.08 – Consulting and Paid Professional Service (dated 6/18/2021)
- 62 MAP 02.A.09 – Conflict of Interest (dated 6/18/2021)
- 65 MAP 02.A.21 – Nepotism (dated 07/09/2021)
- 67 SAM 02.A.29 – Ethical Conduct of Employees (revised May 27, 2021)

University of Houston-Victoria

- 74 C-8 Employee Standards of Conduct (policy also addresses Conflicts of Interest) (04/23/19)

- 84 C-8 Supplement Financial Aid Employee Standards of Conduct and Conflict of Interest Certification [undated]
- 85 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*

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/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/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/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.
- 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

BOARD OF REGENTS POLICIES

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 2021 - 2022

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 (**the Texas Open Meetings Act**). 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 **within 10 days before the date on which the property shall be acquired**, 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).*

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

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~~ their 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~~ them in the discharge of ~~his or her~~ their duties as an employee.
 - c. No employee shall use ~~his or her~~ their position to secure special privileges or exemptions for ~~himself or herself~~ themselves 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~~ them to disclose confidential information acquired by reason of ~~his/her~~ their System position.
 - e. No employee shall accept employment or engage in any business or professional activity which foreseeably might require ~~him or her~~ them to disclose confidential information acquired by reason of ~~his/her~~ their University of Houston System position.
 - f. No employee shall disclose confidential information gained by reason of ~~his or her~~ their ~~component~~ university position, nor shall ~~he or she~~ they otherwise use such information for ~~his or her~~ their 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~~ they are an officer, agent, employee, or member, or in which ~~he or she has~~ they have 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~~ their private interests and the University of Houston System's interests.
 - i. No employee shall accept other employment which might impair ~~his or her~~ their independence or judgment in the performance of ~~his or her~~ their University of Houston System duties.
 - j. No employee shall receive any compensation for ~~his or her~~ their 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~~ their 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:

UNIVERSITY OF HOUSTON SYSTEM POLICIES

Jim McShan-Raymond Bartlett

Interim Senior Vice Chancellor for Administration and Finance

Renu Khator

Chancellor

Date: March 25, 2016 October 7, 2021

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

NUMBER: 02.A.29

AREA: General

SUBJECT: Ethical Conduct of Employees

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

UNIVERSITY OF HOUSTON SYSTEM POLICIES

on the part of the **component** university, not just those identified in this directive as subject to particular statutes or causes for particular concern.

- 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.

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- 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 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

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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.

- 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

UNIVERSITY OF HOUSTON SYSTEM POLICIES

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 ~~and duties for the local office~~ are 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.

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- 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 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 university 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

UNIVERSITY OF HOUSTON SYSTEM POLICIES

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.

- 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 Raymond Bartlett**
Interim Senior Vice Chancellor for Administration and Finance
Renu Khator
Chancellor

Date: **March 25, 2016** **May 27, 2021**

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

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57.07 Nepotism
57.08 Conflicts of Interest
81.01 Governmental Appearances

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:

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02.A.21 Nepotism

- 4.11. Outside consulting or other employment:
 - 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

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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 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.

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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 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).

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Anonymous reports can also be made via the web at Fraud & Non-Compliance Hotline or by calling 1-800-716-9007.

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.

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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.

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

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- 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
- 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.

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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.
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.

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.

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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 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

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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. (Updated 11/19/2015) (Policy last updated 08/24/17)

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),^{1,2} 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

¹ **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)

² 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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the potential to compromise the exercise of professional judgment or obligations, or may be 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 funded³ 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](#).

³ 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.

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- **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.⁴ If unfunded or not otherwise defined, the following definitions apply:
 - 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.⁵
 - 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 agency⁶
- **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.⁷ Similarly, if a significant financial interest could reasonably appear to be affected by the research,⁸ or the interest is in entities whose financial interests would reasonably appear to be affected by the research,^{3,9} 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.

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

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

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

⁷ PHS definition

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

⁹ NSF definition, also applies to NSF-funded educational activities

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- **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.

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 members¹⁰ 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 entity¹¹ 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 Institution¹².

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

¹⁰ Spouse and dependent children

¹¹ A company whose stock is available for purchase by the general public

¹² 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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Interest Committee (COIC) to determine if these interests conflict, or appear to conflict, with the research.

The following DO NOT require disclosure:

- 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 ¹³ 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 ¹⁴ 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 ¹⁵ 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:

¹³ 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>)

¹⁴ 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>)

¹⁵ or NSF-funded educational activity

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

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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 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.¹⁶ 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 research¹⁷ conducted on behalf of the University of Houston. Additional information may be required by the Committee to make this determination.

¹⁶ 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.

¹⁷ or NSF-funded educational activities

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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.

MANAGEMENT PLANS

If it is determined that a conflict exists, a final written agreement to manage the conflict is established by the COIC¹⁸. The investigator is required to accept the plan within the ICON system. A specific individual¹⁹ 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 research²⁰
- 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:

¹⁸ As delegated by the Institutional Official

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

²⁰ 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 if you are a sponsor-investigator.

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Position	Parties Copied on Management Plan (in addition to the Signatory, plan monitor, and VP for Research/Tech Transfer)
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
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)	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. 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 years²¹. 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 members²² (including regular ex-officio representation from UH General Counsel) and a non-affiliated member²³ 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 determine²⁴ 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

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

²² 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.

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

²⁴ 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.**

UNIVERSITY OF HOUSTON POLICIES

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.

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~~, Juan Sánchez Muñoz President

Issue No. 3 4

Effective date: 09/16/14 02/21/2020

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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.

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- 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

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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 1st.

Signed original on file in Employment Services and Operations.

7. POLICY HISTORY

Issue #1: 11/01/99

Issue #2: 08/12/10

Issue #3: 09/16/14 – Reaffirmed as Issue #4

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

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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;

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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 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.

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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.

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 1st.

Signed original on file in Employment Services and Operations.

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7. POLICY HISTORY

Issue #1: 05/02/01

8. REFERENCES

There are no references for this policy.

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:

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- 3.2.1 Discuss any potential future employment of government officials;
- 3.2.2 Provide anything of value to governmental officials or their families;
- 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

UH-Downtown/PS 06.A.07

Issue No. 3

From: Dr. Juan Sánchez Muñoz, President

Effective Date: 02/12/2020

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Subject: Misconduct in Research, Scholarly, Creative, and Government Sponsored Activities

1. PURPOSE

All members of the university community are expected to follow standards for conduct of scientific, scholarly, creative, and research activities, including but not limited to, faithful representation of data, accepting responsibility for the integrity of all work undertaken and reported individually or collectively, and accurate disclosure of all facts pertaining to all education and research and scholarly/creative activities.

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.

This policy applies to the body of research, scholarly, or creative activity done during an individual's period of employment at the university; this policy operates independently from all other relevant review processes (including annual reviews and promotion and tenure). Misconduct committed prior to the date of this policy will be subject to the definition of misconduct in policy at the time of the misconduct, though procedure will operate under the current policy version.

Given the serious nature and implications of any allegations of misconduct, the university expects any individual(s) involved in any part of the reporting, inquiry, or investigation of alleged misconduct to act in good faith and maintain confidentiality.

2. DEFINITIONS

2.1 Misconduct is defined as fabrication, falsification, plagiarism, or other material 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

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provides information about suspected or alleged misconduct. Misconduct compromises the integrity of the individual, colleagues, and/or organization. All levels of misconduct, whether intentional or unintentional, are subject to disciplinary action as described in this policy.

2.1.1 Self-plagiarism, otherwise known as text recycling or text reuse, “occurs when sections of the same text appear (usually unattributed) in more than one of an author’s own publications.” (Committee on Publication Ethics, 2013)

2.1.2 Fabrication is making up data or results that are recorded and/or reported as authentic.

2.1.3 Falsification is the manipulating of research materials, equipment, processes to misrepresent data or findings, or omitting data or results such that the research and its results are not accurately represented.

2.1.4 A ghost author is someone “who is omitted from an authorship list despite qualifying for authorship.” (Committee on Publication Ethics, 2013)

2.1.5 A guest or gift author is someone “who is listed as an author despite not qualifying for authorship.” (Committee on Publication Ethics, 2013).

2.1.6 Material deviations from practices that are commonly accepted in the academic and scientific communities include unethical authorship practices (gift authorship, ghost authorship, or omitting authors who have made a substantive/bona fide (see section 3.3) contribution to the work in question) in all forums and venues, falsifying time and effort reports associated with sponsored programs, forging of authorizing signatures associated with the work, misrepresenting an individual’s qualifications, failure to obtain prior approval for human subjects research or animal research intended for publication or presentation, and deviation from other practices commonly agreed upon within the disciplines. [See section 3.3 for role of disciplinary faculty in identifying discipline-specific expectations.].

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. All inquiry interviews will be digitally recorded.

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. All investigation hearings will be digitally recorded.

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).

2.5 Conflict of Interest is defined as per SAM 02.A.09.

2.6 Retaliation includes, but is not limited to, any adverse employment or educational action taken for making a report of misconduct or otherwise participating under this Policy.

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3. POLICY

3.1 All members of the University community have the responsibility to report those activities which they believe constitute misconduct, either directly to the Senior Vice President for Academic and Student Affairs and Provost (SVPASA) or through the UH System anonymous fraud system. Such individuals reporting in good faith may not be subject to retaliation, and, as per the SAM 01.C.04, are protected by the Texas Whistleblower Act. As part of the protection of these individuals, the SVPASA may choose to notify the individual's chair and dean to be watchful (without providing specifics of the allegation).

Any actual or threatened retaliation or any act of intimidation to prevent or otherwise obstruct the reporting of academic misconduct or violation of this policy or the participation in proceedings relating to academic misconduct may be considered a separate violation of this or other UHD Policies.

3.2 All research and government-sponsored activities in which members of the University community engage shall be conducted according to the standards recognized in the academy for collegiate education, research, and scholarly/creative activities.

3.3 As part of the review of Annual Evaluation and Rank and Tenure criteria, all tenured and tenure-track faculty in each department must articulate expectations and definitions of what constitutes a "bona fide" role in scholarly work that would warrant authorship or similar credit, as well as identify any other expectations particular to the discipline(s) housed within the department. Each discipline within a department may develop and submit separate expectations and definitions; all expectations and definitions should be reviewed and voted on by all tenured and tenure-track faculty within the discipline or department. Faculty may consult or reference external professional organizations or resources as part of this task.

The Department Chair should ensure that the faculty undertake this task each year. All expectations and definitions must be reviewed annually and included with the Rank and Tenure Criteria, submitted no later than December 15 to the college dean and SVPASA as per PS 10.A.01.

3.4 All allegations of misconduct involving any sponsored program must be reported to the appropriate sponsoring agency as per the agency's guidelines, including 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 the procedures of these organizations.

3.5 If at any point during the inquiry or investigation phase the number of allegations and/or respondents expands beyond the capacity for executing the procedures of this policy as defined below, the Inquiry Team or the Investigating Committee (IC) may request that the SVPASA, in consultation with the President, expand timelines, resources, and personnel to accommodate the expanded scope.

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4. PROCEDURES

4.1 Allegations of misconduct must be reported in writing to the SVPASA or through the UH System anonymous fraud reporting system for review and action. If the SVPASA has a possible conflict of interest, the allegation must 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 Interim administrative action may be taken by the university and/or the awarding agency upon receipt of allegations of misconduct scientific, scholarly, creative, and research activities. The SVPASA will authorize an inquiry into the suspected or alleged misconduct and determine whether the allegations warrant further investigation as violations of University policy. Within five working days of the receipt of a misconduct allegation, the SVPASA must appoint an Inquiry Team and give the team a timeline for completion and reporting (see section 4.3). The Inquiry Team will include the a representative from the Provost's Office who carries faculty rank along with two faculty members chosen from a pool of four faculty; the pool of four will consist of one elected tenured faculty member from each college, elected by Faculty Senate procedures for two-year terms.

4.3 The duration of the inquiry period will be 60 to 90 working days determined by the SVPASA at the beginning of the inquiry, depending on the complexity of the case. The inquiry timeline should be as timely as possible while allowing for due process and labor of individuals involved. The inquiry must include a meeting with the subject(s) of the allegation within 10 days after the Inquiry Team has been appointed. At that meeting, the Inquiry Team will inform the subject(s) about the timeline for this phase and provide a brief overview of this policy and process.

The inquiry should provide information sufficient to make a recommendation but need not provide exhaustive coverage of the allegation. This inquiry will result in the Inquiry Report minimally containing the following information:

- Date inquiry was initiated and date completed;
- Name and title 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 recommendation to dismiss, expand, or amend the allegation(s) or proceed with a formal investigation.)

4.4 Within 10 working days of receiving the Inquiry Report, the SVPASA will notify in writing relevant parties of the decision—either to dismiss the allegations or to move to an investigation. At this time, the SVPASA will provide a copy of the Inquiry Report to the subject(s) of the allegation(s). All evidence and materials related to the inquiry shall be maintained by the Office of SVPASA for seven years after termination of the inquiry.

UNIVERSITY OF HOUSTON-DOWNTOWN POLICIES

4.5 Within 30 working days after the SVPASA makes a decision to initiate a formal investigation, the SVPASA will appoint an IC. The SVPASA will make available to the IC the inquiry report along with all supporting materials collected during the inquiry. The members of the IC will be appointed by the SVPASA in consultation with the Chief Integrity Officer or a similar member of the Provost's Office who carries faculty rank and the President of the Faculty Senate (or Senate President-elect in cases of conflict of interest or availability). The IC will consist of at least two tenured faculty representatives from each of the four academic colleges as well as the Chief Integrity Officer or other representative from the Provost's Office who carries faculty rank as an ex officio member.

4.6 The IC will meet within 10 working days of being appointed. At its first meeting, the IC will elect a chair from the appointed faculty members to handle procedural and administrative matters, as well as communicate the membership of the IC to the subject(s) of the investigation. The IC will also receive an orientation from the Provost and General Counsel regarding all relevant department, college, and university policies and documents. The investigative phase will begin at the meeting of the IC. The length of the investigative phase will be commensurate with the complexity of the allegations, number of subjects and witnesses in the investigation, and amount of evidence to be reviewed. The length of the investigative phase will be documented in the charge to the IC with justification by the Provost, with a maximum of 120 days.

4.7 In the course of the investigation, the IC will investigate and address all allegations of misconduct identified in the original allegation(s), and those that arise as a result of the inquiry and investigative process. The IC may conduct interviews, seek advice, request materials, or seek testimony material to the case.

4.8 The IC shall insure confidentiality of all related proceedings to the extent possible and shall undertake diligent efforts to protect the position, anonymity, and reputation of all parties in the investigation.

4.9 As part of its process, the IC must invite the subject(s) of the allegation to appear before the IC. If the subject(s) chooses to meet with the IC, he/she/they will be given sufficient time to present his/her/their case, which may include documents, written arguments, witnesses, and/or statements from external parties (which must be verifiable by the IC). The IC may ask questions of the subject(s) and any witnesses during this meeting. At this meeting, the subject(s) may have legal counsel or an advisor but must speak for himself/herself/themselves. Written notification of the presence of legal counsel or an advisor by either the IC or the subject(s) must be provided to all parties at least one week in advance of the planned meeting. The subject(s) of the allegation will have access to all evidence available to the IC, including recordings of interviews with other parties. The subject(s) may also submit information to the IC at any point during the investigation phase. The subject(s) of the investigation may communicate with the elected IC chair or the Chief Integrity Officer or other provost's office IC representative regarding questions or concerns about the process, or contact the UHD Faculty Ombuds. If those individuals cannot address the questions or concerns, they will suggest an alternate source.

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4.10 A record of the proceedings and all related documentation shall be maintained by the IC chair throughout the investigative process. All interviews conducted as part of the investigation will be recorded. Breach of confidentiality by relevant parties may be grounds for action under existing university policy or procedure.

4.11 Within the given timeframe for the investigation, the IC will conclude its work, and issue a formal report summarizing its findings and conclusions with respect to all allegations of misconduct, which may include a majority and minority report. The formal IC report is an advisory document for the SVPASA, who will consider the report along with other policy violations, or findings of misconduct for each subject. The formal IC report, the record of the proceedings and all related documentation will be forwarded to the SVPASA. Within 10 working days of receiving the IC report, the SVPASA will forward copies of the report to the relevant parties.

4.12 All documentation related to the inquiry and investigation proceedings shall be retained for seven years in the Office of the Senior Vice President for Academic and Student Affairs and Provost.

4.13 Penalties and Appeals

4.13.1 Within 20 working days of receipt of the report, the SVPASA shall weigh the collected evidence, testimony, and findings of the inquiry and investigation to determine whether research misconduct has occurred. The SVPASA may consult with IC as part of this review. Consonant with the seriousness and intentionality of the offense, if the SVPASA determines that misconduct has occurred, the SVPASA may impose disciplinary measures which include, but are not limited to, a written notice to the employee, 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. The sanctions must be communicated in writing to the subject(s) of the investigation. If misconduct occurs related to any sponsored program, the SVPASA will notify the sponsoring agency as per the agency's guidelines. The SVPASA will notify the IC and parties whose decisions may need to consider such information including Rank and Tenure Committees, Department Chair, and Dean, of any sanctions.

4.13.2 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.

4.13.3 The subject of the investigation may appeal the sanctions imposed to the President. This written appeal must occur within 30 working days of the receipt of the sanctions. The President has 30 working days to render a written decision on the appeal. The President's decision will be final and binding.

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5. REVIEW PROCESS

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

Review: Every three years on or before May 1st.

Signed original on file in Employment Services and Operations.

6. POLICY HISTORY

Issue #1: 10/16/95

Issue #2: 08/17/15

Issue #3: 02/12/20

8. REFERENCES

Committee on Publication Ethics. (2013). How to spot authorship problems.

Committee on Publication Ethics. (n.d.) Text Recycling Guidelines.

SAM 02.A.09

SAM 01.C.04

PS 03.A.23

PS 10.A.01

PS 10.A.05

UNIVERSITY OF HOUSTON-CLEAR LAKE POLICIES

MAP 02.A.08 Consulting and Paid Professional Services Policy signed by University President on 06-18-21

I. PURPOSE

- 1.1. The University of Houston-Clear Lake recognizes that consulting and other paid professional services are an accepted part of academic life, and that often such services by faculty or exempt staff benefit both the employee and the University of Houston-Clear Lake, through enhanced knowledge, exposure, and experience. Outside consulting also, however, carries the potential to create conflicts between outside professional activities and an employee's primary duty to the University. This document prescribes the regulations to be followed to ensure compliance with Board Policy [57.02, Consulting and Paid Professional Service](#), as well as state laws, and to assist the employee in managing or eliminating potential conflicts.
- 1.2. For the purposes of this document, consulting and paid professional service is defined as an activity undertaken for remuneration from a third party, where the activity is related to the functions or expertise for which the individual is compensated by the University of Houston-Clear Lake.
- 1.3. This document applies to all full-time, benefits-eligible faculty and exempt staff.

II. POLICY

- 2.1. The fundamental premise of this policy is that each full-time employee has an obligation to place their responsibilities to the University of Houston-Clear Lake above any other professional responsibilities. Consulting or other paid professional service of employees is considered a secondary activity that may be engaged in only after their duties and responsibilities to the University of Houston-Clear Lake are fulfilled. Outside activities should not absorb an undue amount of time and thereby interfere with the performance of an employee's duties with the University of Houston-Clear Lake.
- 2.2. External consulting or other paid professional service by full-time, benefits-eligible members of the faculty and exempt staff is necessarily restricted to activities that do not create a conflict of interest, time, or commitment with University of Houston-Clear Lake responsibilities. Such conflicts would include the inducement to disclose confidential information or the impairment of the employee's judgment in the performance of component university duties. This privilege is subject in all instances to the conditions set forth below. Failure to comply with this policy may subject an employee to disciplinary action including reprimand, suspension, or termination.

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- 2.2.1. The first responsibility of the individual is to the University of Houston-Clear Lake. Outside professional obligations should not interfere with the employee's full-time commitment to the University of Houston-Clear Lake.
- 2.2.2. No outside obligation should result in any conflict of interest involving the individual's responsibilities to the University of Houston-Clear Lake or to its programs, policies, and objectives. Even the appearance of conflict may be detrimental to both the employee and the University of Houston-Clear Lake, therefore the University seeks to assist employees in avoiding actual or potential conflicts of interest in their consulting and other professional agreements. See [SAM 02.A.09 - Conflict of Interest](#).
- 2.2.3. Use of University of Houston-Clear Lake facilities, space, equipment, or support staff for consulting or other paid professional activities is permitted only if a financial arrangement that adequately covers the costs involved has been concluded between the individual and the administration prior to the employee's beginning the outside consulting or other paid professional service.
- 2.2.4. Individuals may not represent themselves as acting in the capacity of University of Houston-Clear Lake employees when conducting consulting or other paid professional activities. The University of Houston-Clear Lake bears no responsibility for any actual or implied obligations or liabilities incurred by the individual resulting from the consulting or other paid professional agreement or activity.
- 2.2.5. The responsibility to recognize and avoid conflicts of interest resides primarily with the individual employee. To assist in that endeavor, the University of Houston-Clear Lake requires faculty who wish to arrange consulting or other paid professional activities to provide prior notification to their respective dean. Review by their dean, or equivalent, of such activities shall include consideration of any real or apparent conflict of interest and the benefit of the proposed service to the University of Houston-Clear Lake and the System. The dean may disapprove such activities if they conflict with primary University of Houston-Clear Lake duties. The Consulting and Paid Professional Service Application Form for documentation can be found at this location: <https://www.uhcl.edu/humanresources/documents/forms/consultingform2016.pdf> Each faculty member who engages in consulting or other paid professional service, including teaching on a temporary basis at other institutions, 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), and must arrange such activities so as not to interfere with the employee's University obligations, including but not limited to regularly scheduled classes.

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- 2.2.6. Exempt staff wishing to arrange consulting or other paid professional activities must obtain prior written approval from the appropriate supervisor; such outside consulting must be justified on an individual basis and may not create a conflict of interest, time, or commitment with University of Houston-Clear Lake responsibilities. The Consulting and Paid Professional Service Application Form for documentation can be found at this location: <https://www.uhcl.edu/humanresources/documents/forms/consultingform2016.pdf>
- 2.2.7. When any of an individual's salary is paid from funds for externally sponsored activities, the time allowable for consultation or other paid professional activities must comply with sponsor requirements.
- 2.3. Authorizations for absences from an employee's official place of duty because of outside consulting or other paid professional service shall be requested and approved in accordance with the university regulations governing leave entitlements.
- 2.4. The Standards of Conduct of State Officers and Employees, which are provided by state law, deal with the conflict of an employee's private interests with the interests of the state of Texas. Any employee who violates such standards through a consultation or other paid professional service is subject to dismissal from employment with the University of Houston-Clear Lake, regardless of whether an application to engage in such an activity has been approved. Such dismissal will be processed according to applicable discipline and dismissal procedures.
- 2.5. Unpaid public service is not included in this policy; occasional lectures that include fees are also not included, unless these activities require significant amounts of time or otherwise conflict with regular University of Houston-Clear Lake obligations.
- 2.6. 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 the University (excluding travel expense reimbursements)
- 2.7. The University shall establish a process for monitoring outside paid professional activities of their faculty and exempt staff in order to ensure that such activities are consistent with this policy and also serve University of Houston-Clear Lake purposes.

III. ADDITIONAL COMPENSATION

Work performed for the University outside the employee's normal duties and outside normal work hours is considered an overload assignment. The University shall establish

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a process for monitoring assignments of its faculty and staff to ensure that such activities are consistent with this document, serve institutional purposes, and are compliant with applicable law(s) with respect to employee compensation.

IV. MULTIPLE EMPLOYMENTS

Work performed for another component university of the University of Houston System within the scope of activities, functions, or expertise for which the component university compensates the individual is considered consulting or outside employment. Consulting activities must be non-regular, part-time appointments or temporary appointments as defined in [SAM 02.A.34 - Types of Staff Employment](#). Prior written approval to engage in these activities is required. Compensation for these services must be made through the university's payroll at University of Houston-Clear Lake and are subject to withholding and other payroll deductions.

V. DUAL OFFICE HOLDING

The Board of Regents must grant approval before any officer of the System or its component institutions may accept an offer to serve in another non-elective office consistent with Board Policy 57.04, and all applicable laws. Approval must include a formal finding that the officer has satisfied the requirements of Article XVI, Section 40, of the Texas Constitution.

VI. REVIEW AND RESPONSIBILITIES

Responsible Party:

Executive Director for Human Resources Review:

Every five years on or before September 1

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

MAP 02.A.09 Conflict of Interest

Policy signed by University President on 06-18-21

I. PURPOSE

Although the University of Houston-Clear Lake depends upon the integrity and discretion of its staff with respect to actual or apparent conflict of interest, all University

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of Houston - Clear Lake 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](#), Board of Regents Policies, including [57.01](#), [57.02](#), [57.04](#), [57.05](#) and [57.08](#) and the University of Houston System Administrative Memorandum.

II. POLICY

2.1. Conflict of interest is the use of one's University of Houston - Clear Lake 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:

2.2.1 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 power as an employee except as is allowed by law.

2.2.2 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.

2.2.3 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.

2.2.4 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 University of Houston-Clear Lake position.

2.2.5 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 of Houston-Clear Lake position.

2.2.6 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.

2.2.7 No employee shall transact any business for the University of Houston-Clear Lake 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.

2.2.8 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-Clear Lake's interests.

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- 2.2.9 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-Clear Lake duties.
- 2.2.10 No employee shall receive any compensation for his or her services to the University of Houston-Clear Lake from any source other than the State of Texas except as is allowed by law.
- 2.2.11 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.
- 2.2.12 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.
- 2.2.13 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.
- 2.2.14 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.
- 2.2.15 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.
- 2.2.16 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.
- 2.2.17 Each employee shall use the resources of the University of Houston-Clear Lake only in accordance with university policies and applicable law.
- 2.2.18 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 university of the University of Houston System must disclose such relationship in writing to his or her immediate superior.

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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.

III. REVIEW AND RESPONSIBILITIES

Responsible Party: Executive Director for Human Resources

Review: Every five years on or before June 1

Ira K. Blake

Title: President

University of Houston-Clear Lake

Approval Date: June 18, 2021

Sunset Date: June 18, 2026

<https://www.uhcl.edu/policies/documents/human-resources/conflict-of-interest.pdf>

MAP 02.A.21 Nepotism

Policy signed by University President on 07-09-21

I. PURPOSE

This document sets forth the University of Houston - Clear Lake policy on nepotism, and requires compliance with State of Texas statutes, Board of Regents Policy 57.07, and regulations regarding unfair employment practices due to nepotism. This administrative memorandum applies to all positions, full and part-time, regular and temporary, in all university programs, regardless of funding source.

II. POLICY

2.1 Relatives of members of the Board of Regents shall not be employed by the System, which includes the University of Houston - Clear Lake, unless the employment took place at least one year prior to the appointment of the Board member.

2.2. No Person shall be employed by the University of Houston - Clear Lake if they are a relative of the employee who has the official authority to hire or recommend or approve the hiring, salary or promotions of the relative. Relatives shall not be employed in the supervisory-subordinate relationship even if it results from marriage after the employment relationship was formed.

2.3 The provisions of this policy apply to all system programs, regardless of funding source.

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III. DEFINITIONS

3.1 Nepotism: Favoritism in employment shown to a relative.

3.2 Relative: For this administrative memorandum, the term “relative” is defined as anyone related to the employee within the second degree of affinity or the third degree of consanguinity and includes the following relations:

- The employee’s spouse.
- The employee or the spouse’s natural and adopted children, parents, grandparents, great-grandparents, brothers, sisters, half brothers and sisters, grand-children, great-grandchildren, aunts, uncles, nieces, nephews, first cousins, second cousins and persons married to them

IV. PENALTIES

Violation of the nepotism statutes is a misdemeanor involving official misconduct; employees violating the statute are subject to a fine and dismissal from employment. An employee who violates this administrative memorandum - as an employee knowingly approving the hiring of a relative, as the currently employed relative, or as the relative being hired - is subject to reassignment and/or to disciplinary action, up to and including dismissal.

III. REVIEW AND RESPONSIBILITIES

Responsible Party: Executive Director for Human Resources

Review: Every five years

Ira K. Blake

Title: President

University of Houston-Clear Lake

Approval Date: July 9, 2021

02.A.29 Ethical Conduct of Employees

<http://www.uh.edu/af/universityservices/policies/sam/2HumanResources/2A29.pdf>

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UNIVERSITY OF HOUSTON SYSTEM ADMINISTRATIVE MEMORANDUM

SECTION: Human Resources

NUMBER: 02.A.29

AREA: General

SUBJECT: Ethical Conduct of Employees

2. 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. 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 university, not just those identified in this directive as subject to particular statutes or causes for particular concern.
- 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.

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- 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. 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 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.
- 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 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.

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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 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 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 university.

4.2. 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.

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 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.

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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 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 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: 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 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.

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 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 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

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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.

4.10. 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 Policy 57.07 and SAM 02.A.21 - Nepotism.

8.11. Outside consulting or other employment: The System 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. 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 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 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 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 university regardless of source of funding.

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 university equipment, facilities, support staff, and other resources: As a state employee, under statute, an employee is required to use university property for university

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purposes only, not for personal or private purposes. In situations where there is no direct cost to the university, such as use of telephones to make occasional local calls, such use is not considered a misapplication of state property and may be permitted within reason.

Use of 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 university names:** The name of the University of Houston System or its 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 university employees when conducting consulting or personal activities. The System as well as the 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 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 university shall establish procedures related to the ethical conduct of employees that shall include the following compliance actions:

- b. 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 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

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presidential or vice chancellor level of all such activities and annual reporting to the Chancellor.

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 them 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

7. APPROVAL

Approved: Raymond Bartlett
Senior Vice Chancellor for Administration and Finance
Renu Khator
Chancellor

Date: May 27, 2021

Link: [OFFICIAL \(uhsystem.edu\)](http://uhsystem.edu)

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C-8 Employee Standards of Conduct (policy also addresses Conflicts of Interest)
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

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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

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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

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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.

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- **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:

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- 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.

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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

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- 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

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- 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 P-Card 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

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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

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

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



Phillip W. Hurd
Chief Audit Executive
November 15, 2021

**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 2021

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit & Compliance Committee Planner, item number 5.05, requires the Audit and Compliance Committee to evaluate management's identification of fraud risks, the implementation of anti-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. All institutions conducted fraud risk assessments and other activities to enhance their fraud prevention and awareness programs.

Key activities from each university 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 2021

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

**11-12-21
DATE**



CHANCELLOR

Renu Khator

11/24/2021
DATE

**University of Houston System
Annual Fraud Prevention and Awareness Report
FY 2021**

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 2021, UH and UHSA departments completed their 16th 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 2021, all UHS employees are required to complete online Ethics, Compliance, and Fraud training. This is the 15th 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 seventh 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 components.

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 2021, the University of Houston implemented external Vendor Management System called PaymentWorks which is 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 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.

In August 2021, University of Houston submitted a Request for Proposal for an artificial intelligence logic system automation and vendor maintenance that contains – automated risk management that supports exception resolution; anti-fraud controls utilizing the standard tests; automated supplier risk profiling; identification of exceptions in supplier data; automatic systematic hygiene and maintenance of the master vendor file; and actionable reporting and dashboards.

In September 2021, University of Houston worked with other UH campuses and implemented logic safeguards to ensure duplicate invoices cannot be entered and controls not circumvented to allow replica information into the PeopleSoft Finance System and allow any potential losses. Additionally training materials were developed addressing the importance of date and invoice number accuracy.

Finally, UH Finance maintains a link to fraud and institutional compliance frequently asked questions on the Finance home page (www.uh.edu/office-of-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.

The college and divisional business administrators participated in the annual Fraud Prevention Survey during September 2021 for all UHCL departments. UHCL had a 94% completion of the surveys which was expected due to numerous vacancies. The surveys are conducted to ensure there are adequate procedures and internal controls in place designed to prevent, detect and deter fraud. They also help to remind department heads and administrators of their responsibility to remain vigilant in the prevention and detection of fraud throughout the upcoming year. No significant problems or trends were noted in the results of UHCL Annual Fraud Prevention Surveys.

Department of contract administration administers the P-Card program. 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 averaged \$103,000/month in FY 2021. In addition to the annual mandatory training sessions, individual training and departmental training sessions were conducted with new cardholders throughout the year. P-Card administrator is a member of the Employee Separation Clearance process who are responsible for ensuring P-Cards are 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. UHCL also physically verified service departments' inventories at fiscal year-end. No significant discrepancies were reported for the quarter ended August 31, 2021. There was not independent oversight over the cash audits or inventories due to COVID, but it is planned for General Accounting to have oversight of the cash and inventory audits for FY 2022.

UHCL continues to conduct random physical inventory checks in addition to the annual physical inventory done in FY 2021. 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 10,000 vouchers during FY 2021, 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 2021, we saw a significant reduction in 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. Due to the experiences of the previous fiscal year, these attempts were high priority focus items for the Interim Director of AP/Travel and the Interim Associate Director of AP. 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 88 UHD departments participated in the annual Fraud Prevention Survey during August 2021. 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.

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 \$116,000/month in FY 2021 which is lower than the FY 2020 average of \$167,000/month 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 P 2021 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 Talent Development managed the training program and achieved a participation/completion rate of 99%.

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 12th 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 March 2021. 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 2021, approximately \$40.6 million of financial aid was disbursed involving over 4,251 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 2021 included state appropriated and local funds (all ledgers) of \$69.8 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 2021, 111 active cardholders processed \$1.318 million of expenditures representing over 7,222 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.



Phillip W. Hurd
Chief Audit Executive
November 15, 2021

**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 2021

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

An executive summary of all activities of the Identity Theft Prevention Programs of the systemwide universities (Audit & Compliance Committee Planner, item number 5.06) must be provided annually to the Audit and Compliance Committee.

For all universities the following occur:

- Employees/Students receive an 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 are included for each university:

- 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 2021

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

**11-12-21
DATE**



CHANCELLOR

Renu Khator

11/24/2021
DATE

**University of Houston System
Identity Theft Prevention Program
Executive Summary
FY 2021**

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 JBCR Inc., DBA Skelton Business Equipment, which is an authorized Sharp distributor, for copier service, following a RFP process. Skelton has configured all UH copiers to immediately erase images on the hard drive after each job.

In FY 2021, 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. Additionally, in 2020, UH implemented enhanced email technology solutions designed to detect and block malicious emails including phishing and impersonation messages.

All 4 campuses in the UH System also implemented multi-factor authentication (DUO) on critical services for all faculty, staff and students. This further protects personal identifying information that would otherwise be at risk with a typical account compromised due to phishing.

During October-November, 2021, all UH departments with “covered accounts,” as defined by the Federal Trade Commission’s Red Flag Rules, will complete their tenth 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 2021, 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. Therefore, all employees attend mandatory training when they are hired and annually thereafter, providing them with an understanding of information security best practices. In addition, the training provides knowledge of the University’s commitment to comply with state and federal privacy legislation and of the obligations that arise as a result of contracts that the University enters into with individuals and organizations. Another component discussed, is the employee’s 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.

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.

During 2021 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. UHD reported compliance with the new, updated and more detailed standards on thirteen separate Merchant Accounts.

Throughout the year the Student Business Services 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.

UHD continues to encourage use of the security tool Spirion (formerly called 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. As part of the UH System DUO project, UHD implemented two-factor authentication on its major systems which includes O365 web, desktop & mobile apps, Blackboard Learning Management System, VPN connection, and LastPass. In 2020, UHD implemented an enhanced email protection solution designed to detect and block malicious emails including phishing and impersonation messages.

During the system-wide FY 2021 mandatory training period, October – November, 2020, 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 2021 timeframe. The purpose of this training is to provide appropriate department personnel with an overview of the requirements for securing personal identifying information.

There have been no known reports of identity theft or compromises of financial/privileged information involving students or employees at UHD in FY 2021.

University of Houston-Victoria

In FY 2021, 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 and Card Services, Student Life & Services, Information Technology and the Academic Schools Online Support Technicians participate in the UHV Identity Theft Program. 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 2021 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.
- Admissions and Student Recruitment, Financial Aid, Student Life and Services, Human Resources, Student Billing and Student Records, and Online Academic Technicians departments 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.



Phillip W. Hurd
Chief Audit Executive
November 15, 2021

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Annual Procurement Report, Fiscal Year 2021

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 systemwide 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 systemwide 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 2021

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

**11-12-21
DATE**



CHANCELLOR

Renu Khator

11/24/2021
DATE

UNIVERSITY OF HOUSTON SYSTEM

FY 2021 ANNUAL PROCUREMENT REPORT

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EXECUTIVE SUMMARY

Overview and Scope Summary

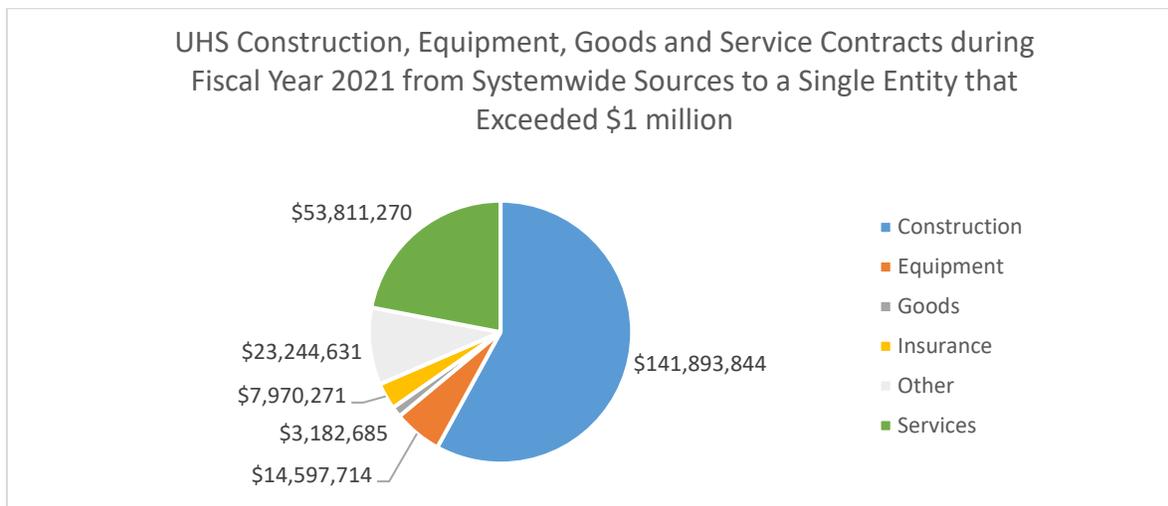
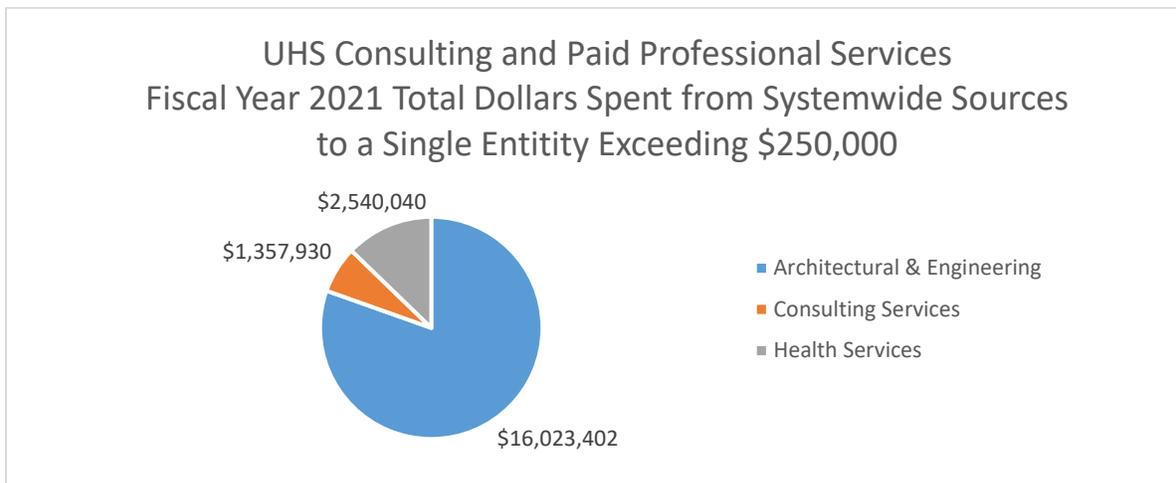
The University of Houston System Board of Regents Board Policy 55.01.4 requires submittal of a report for each fiscal year related to payments made from Systemwide sources to a single entity for: professional or consulting services exceeding \$250,000; construction, equipment, goods and service contracts exceeding \$1 million; and contracts that require enhance contract monitoring. The report is prepared by the Office of the Associate VC/VP of Finance and reviewed by the Internal Auditing Department.

The Internal Auditing Department reviews the report procedures methodology and the report to determine the methodology used would ensure the report is accurate. Internal Auditing does not review contracts to ensure monitoring of individual contracts is performed.

Observations and Overall Audit Opinion:

In our opinion, the report preparation methodology appears to be reasonable, the report appears to be accurate and the report satisfies the annual reporting requirement for procurement activity.

Charts representing the amounts and type of service and/or contract for fiscal year 2021 are below.



REVIEW OF THE ANNUAL PROCUREMENT REPORT

INTRODUCTION

The University of Houston System Board of Regents Board Policy 55.01.4 requires submittal of a report for each fiscal year related to payments made from Systemwide sources to a single entity for: professional or consulting services exceeding \$250,000; construction, equipment, goods and service contracts exceeding \$1 million; and contracts that require enhance contract monitoring. The report is prepared by the Office of the Associate VC/VP of Finance and reviewed by the Internal Auditing Department.

The Department of Internal Auditing developed an annual audit plan based upon a Systemwide risk assessment to identify significant areas of risk facing the System. Also included in the audit plan are legislatively and management required audits. All the audits on the plan are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors (IIA).

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 Systemwide 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 Systemwide 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)

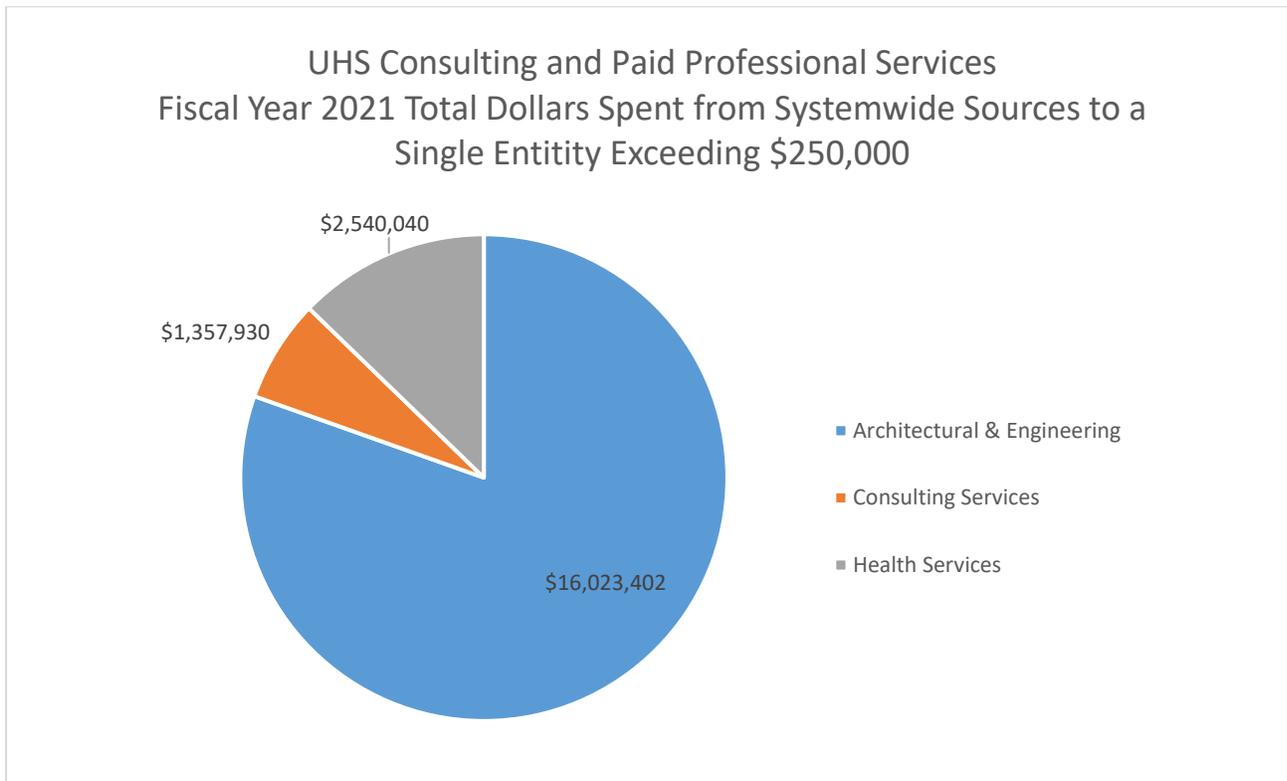
OBJECTIVE AND SCOPE

The Internal Auditing Department reviewed the report procedures methodology and the report to determine the methodology used would ensure the report was accurate for fiscal year 2021. Internal Auditing did not review contracts to ensure monitoring of individual contracts was performed.

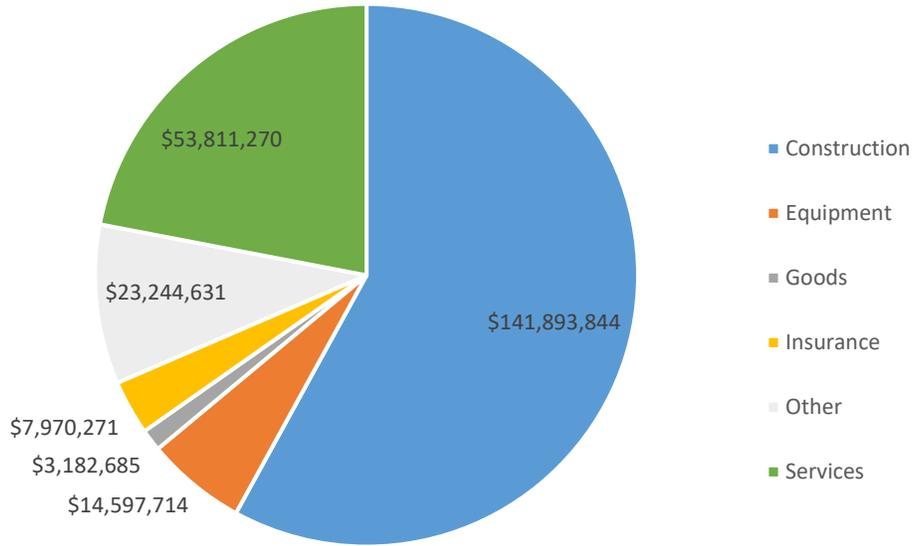
OBSERVATIONS AND CONCLUSION

The attached reports (Attachments A, B, and C) were prepared by the UHS/UH AVP Finance/Controller to satisfy the Board's 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.

For fiscal year 2021, the amount for consulting and professional services expended to a single entity exceeding \$250,000 (per entity) from a Systemwide source totaled approximately \$20 million. This total was approximately \$245 million for construction, equipment goods and service contracts to a single entity exceeding \$1 million (per entity) for fiscal year 2021. The number of contracts requiring enhanced monitoring, those over \$1 million, totaled 144 contracts and represented \$1.4 billion. Below are charts representing the breakdown of the categories of expenditures for fiscal year 2021.



UHS Construction, Equipment, Goods and Service Contracts during Fiscal Year 2021 from Systemwide Sources to a Single Entity that Exceeded \$1 million

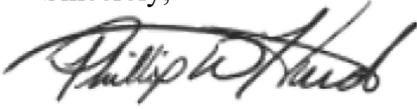


In our opinion, the report preparation methodology appears to be reasonable, the report appears to be accurate and the report satisfies the annual reporting requirement for procurement activity.

* * * * *

The UHS Department of Internal Auditing would like to thank the UHS/UH AVP Finance/Controller's Office for their cooperation and assistance during this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with a large initial "P" and "H".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

PWH/pwh

Participating Auditors: Brandee O'Neal and Emily Tran

**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 Fiscal Year 2022 Internal Audit Activity and Internal Audit Reports issued since the August 26, 2021 Audit & Compliance Committee meeting of the Board of Regents of the University of Houston System are provided.

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 Activity and Internal Audit Reports

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

**11-12-21
DATE**



CHANCELLOR

Renu Khator

11/24/2021
DATE

Report to the Audit and Compliance Committee
of the University of Houston Board of Regents
December 2, 2021

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

FY22 INTERNAL AUDIT ACTIVITY
since August 26, 2021

and

INTERNAL AUDIT REPORTS

- AR2022-01 Contracts Requiring Board of Regents' Approval
- AR2022-02 UHS Board of Regents' Travel and Entertainment, FY 2021
- AR2022-03 UHS Chancellor/President's Travel and Entertainment, FY 2021
- AR2022-04 UHCL President's Travel and Entertainment, FY 2021
- AR2022-05 UHD President's Travel and Entertainment, FY 2021
- AR2022-06 UHV President's Travel and Entertainment, FY 2021
- AR2022-07 UHV Joint Admission Medical Program, FY 2020-2021
- AR2022-08 UH Export Controls
- AR2022-09 UHS Compliance with Education Code 51.9337

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.

FY22 Internal Audit Activity

Since August 26, 2021 Board of Regents Meeting

Audits Completed

The following reports are being presented at this Board Meeting:

- Contracts Requiring Board of Regents Approval (UHS)
AR2022-01
- Board of Regents Travel and Entertainment FY21
AR2022-02
- Chancellor/President's Travel and Entertainment FY21 (UHS/UH)
AR2022-03
- UHCL President's Travel and Entertainment FY21
AR2022-04
- UHD President's Travel and Entertainment FY21
AR2022-05
- UHV President's Travel and Entertainment FY21
AR2022-06
- UHV Joint Admission Medical Program FY21
AR2022-07
- UH Export Controls
AR2022-08
- UHS Compliance with Education Code 51.9337
AR2022-09
- Annual Procurement Report
Internal Audit 12/02/21

Special Projects Completed

- UHS Institutional Compliance Fraud and Non- Compliance Hotline (~17 Reports)

Audits in Progress

- Research Governance and Process Overview (UH, UHCL and UHD)
- 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 FY22
- President's Travel and Entertainment FY22 (UH, UHCL, UHD and UHV)
- Contracts Requiring Board of Regents Approval (UHS)
- UHS Emergency Management
- Procurement Card Management (UH, UHCL, UHD, and UHV)
- UH Education Research Center

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

Audits in Planning

- UHS Payroll



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

CONTRACTS REQUIRING BOARD OF REGENTS APPROVAL
AR2022-01

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

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: November 19, 2021

SUBJ: Internal Audit Report – 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 contracts requiring Board of Regents approval covers the time period from July 1, 2021, through September 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 December 2, 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
Contracts Requiring Board of Regents Approval
July 1, 2021 through September 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.

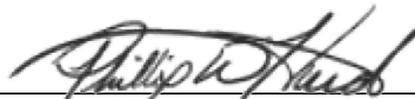
Scope of Work: The internal audit review of procurement of construction and other contracts requiring Board of Regents approval covers the time period from July 1, 2021 through September 30, 2021.

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 consider non-compliant with university policies and procedures or state statutes.



Phillip W. Hurd
Chief Audit Executive
September 30, 2021

Contracts Requiring Board of Regents Approval
Internal Audit Activity
July 1, 2021 to September 30, 2021

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>
			<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	✓	✓
UH - Lighting & Security Upgrades	RFP	3.8	N/A	8/20/2020		
UHS - Architectural Services Continuing Services Agreement (up to 10 awards)	RFP	15.0	N/A	12/3/2020		
UH - FFE for the Hilton Hotel Expansion and Renovation Project	RFP	2.0	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		
UHS - Digital Signature Software Solutions and Services	RFP	1.8	N/A	5/20/2021	✓	✓
UHS - Executive Search Firm	RFP	2.6	N/A	5/20/2021	✓	✓
UH - Digital Marketing and Recruitment for C. T. Bauer College of Business Programs	RFP	3.5	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.

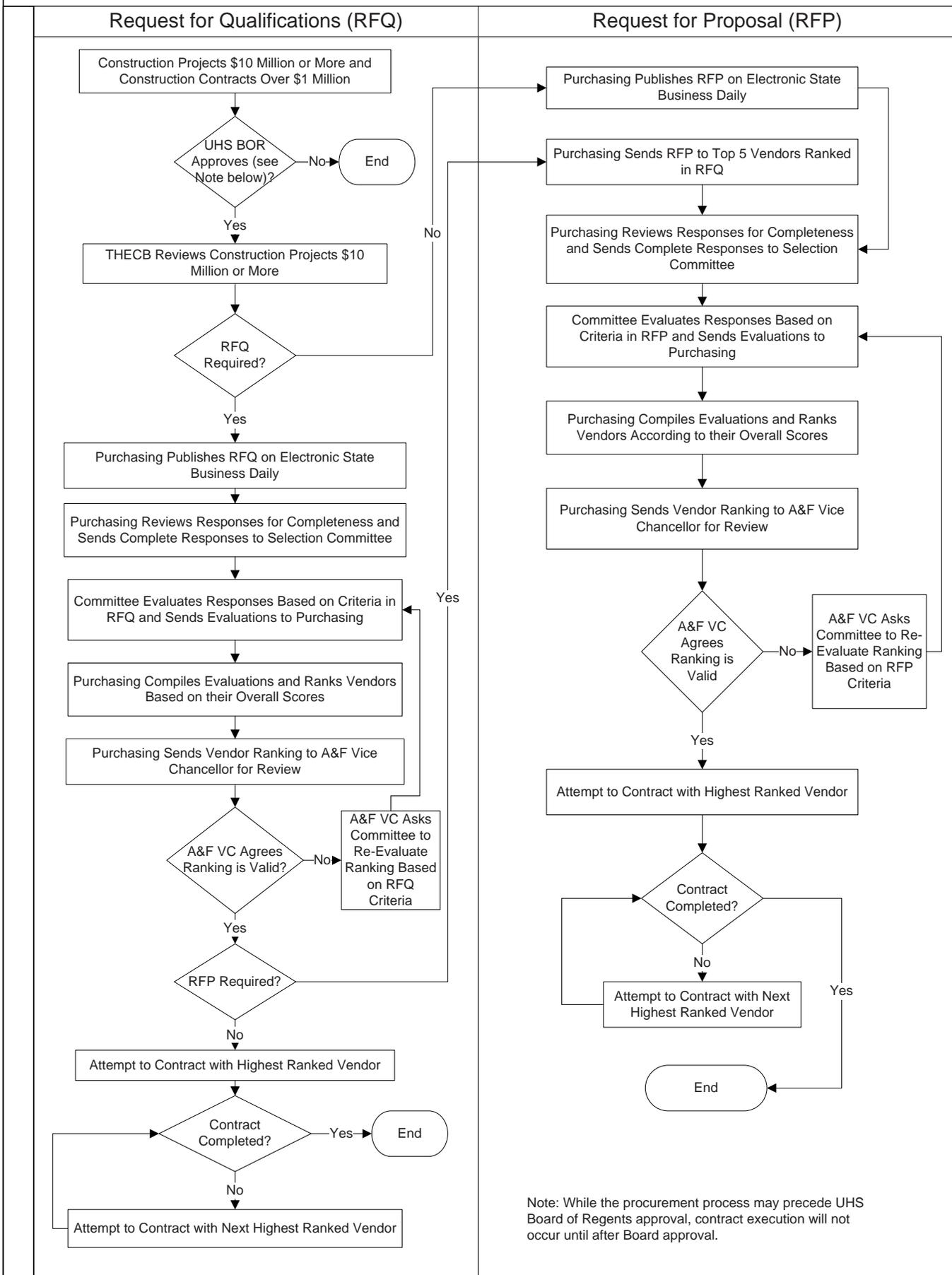
RFP - Request for Proposal

RFQ - Request for Qualifications

FE - Furnishings and Equipment

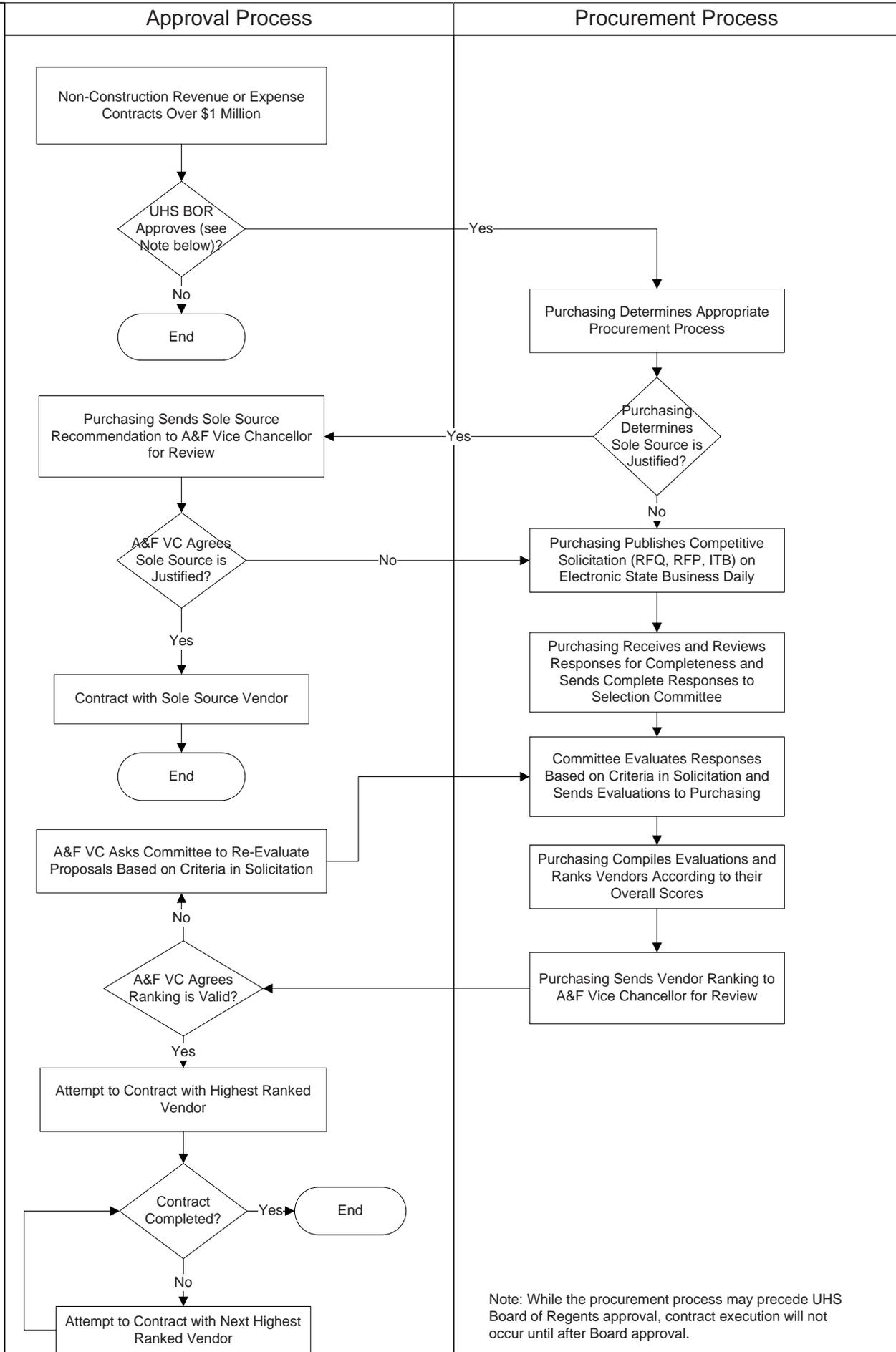
CSP - Competitive Sealed Proposal

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.

University of Houston System Non-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.



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

UHS BOARD OF REGENTS'
TRAVEL AND ENTERTAINMENT, FY 2021
AR2022-02

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS'
TRAVEL AND ENTERTAINMENT, FY 2021**

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EXECUTIVE SUMMARY

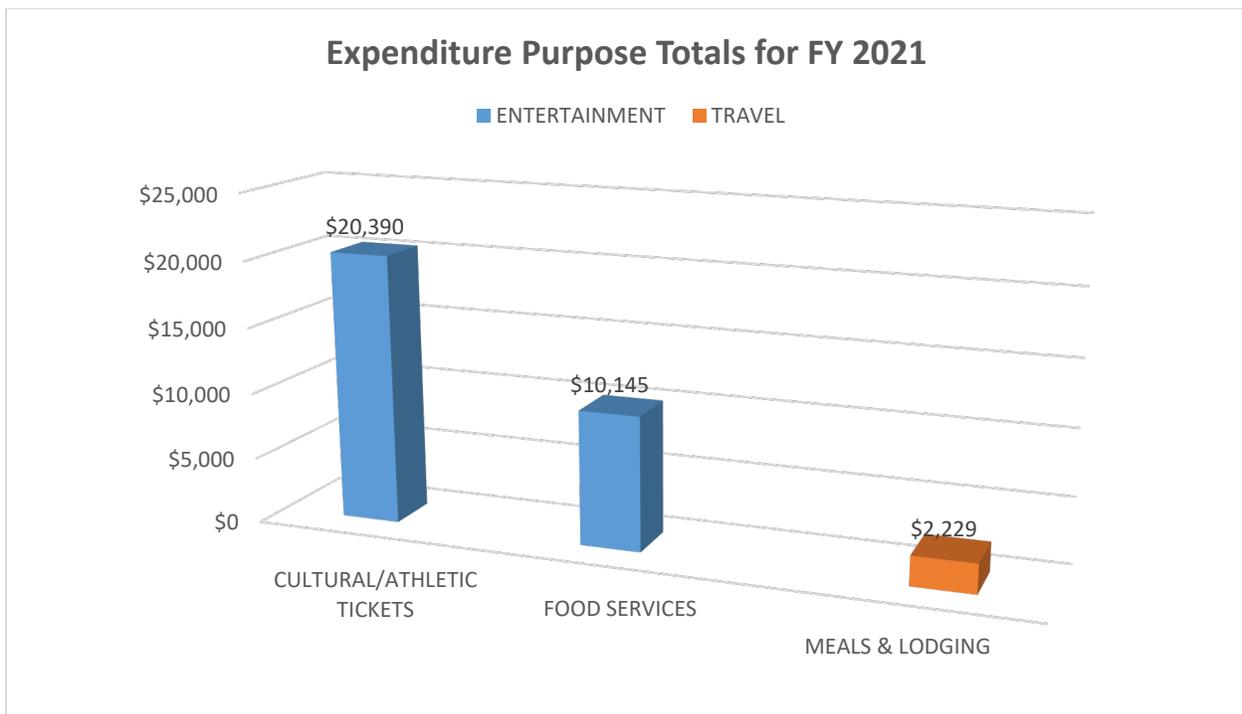
OVERVIEW AND SCOPE

As part of our annual audit plan, we reviewed travel and entertainment expenditures of the members of the University of Houston System (UHS) Board of Regents (BOR) for fiscal year 2021 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 system and board policies.

OBSERVATIONS AND OPINION

In our opinion, the travel and entertainment expenditures of the regents for the year ended August 31, 2021, were appropriately documented and allowable under system and board policies.

The chart below provides the breakdown of FY 2021 travel and entertainment expenditures by expenditure purpose.



UHS BOARD OF REGENTS’ TRAVEL AND ENTERTAINMENT, FY 2021

INTRODUCTION

It is important that the public have confidence that Board of Regents’ member expenditures for travel and entertainment are allowable and appropriately documented. In an effort to safeguard assets, the University of Houston System’s management has instituted policies related to board members’ travel and entertainment expenditures. In addition, the Board of Regents has instituted policies related to travel and entertainment expenditures.

The Department of Internal Auditing developed an annual audit plan based upon a system-wide risk assessment to identify significant areas of risk facing the System. The audit plan also includes requested and legislatively mandated audits. All the audits on the plan are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors (IIA).

BACKGROUND

At the request of the UHS Board of Regents, the Internal Auditing Department conducts annual reviews of the travel and entertainment expenditures of the board members. This review is scheduled in the annual audit plan.

OBJECTIVE AND SCOPE

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

The scope of this review was limited to travel and entertainment for the UHS Regents that were funded by accounts of the Board of Regents Office. It should be noted that in some cases, travel and entertainment expenditures for the regents may be funded by accounts other than the Board of Regents Office accounts and by outside organizations.

Information relevant to this audit was obtained through:

- Reviewing UHS and BOR policies.
- Obtaining travel and entertainment expenditure data from PeopleSoft Finance.
- Reviewing entertainment documentation from PeopleSoft Finance.
- Reviewing travel documentation from Concur Travel.

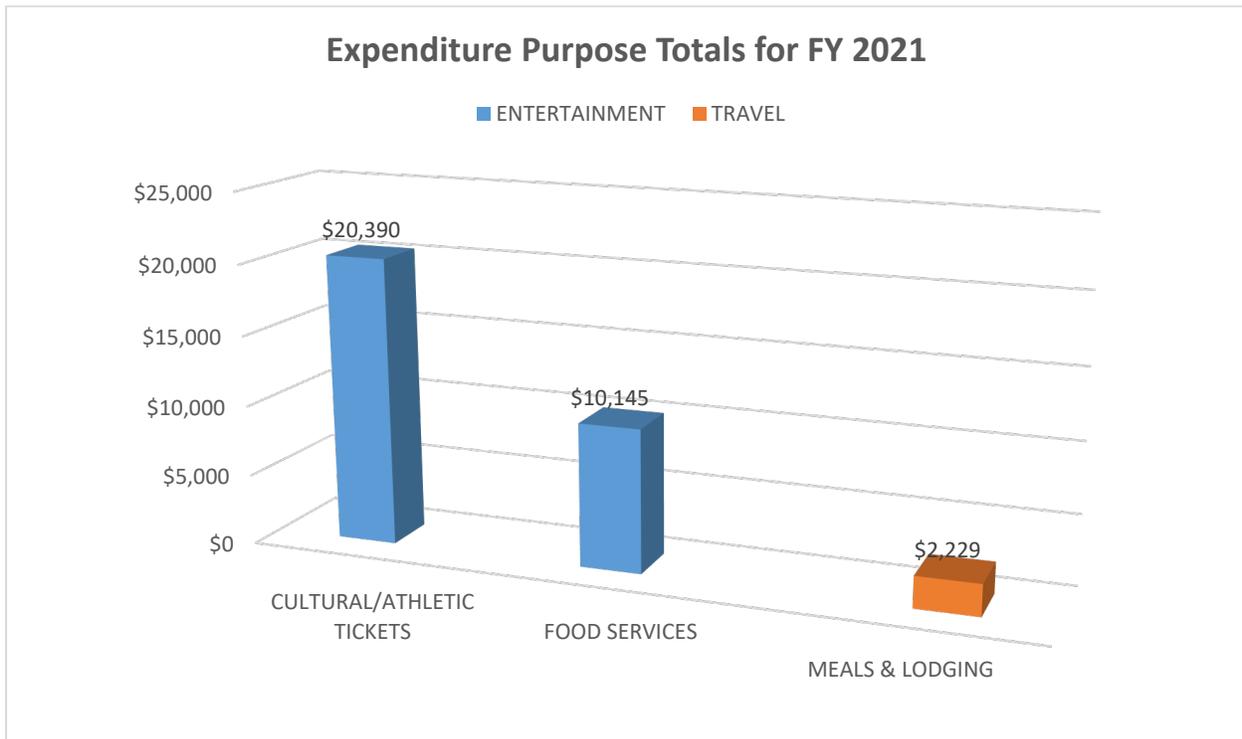
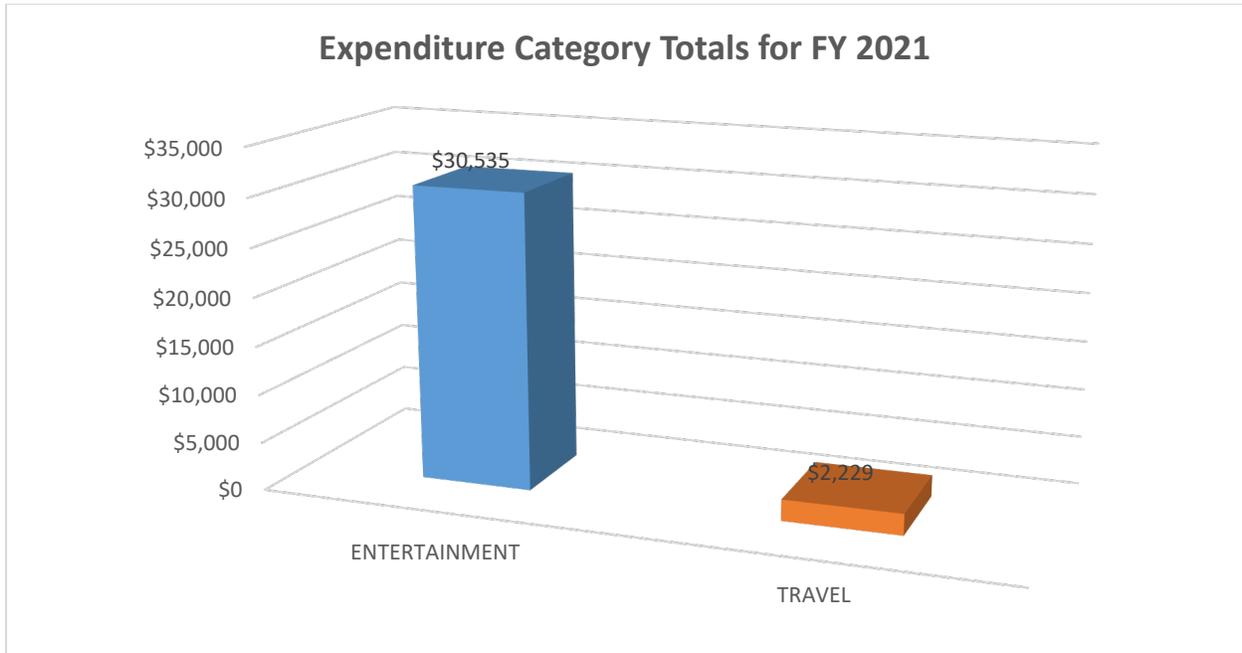
CONCLUSION

We reviewed travel and entertainment expenditures of the members of the Board of Regents for fiscal year 2021 funded by accounts of the Board of Regents Office. We determined that there were \$2,229 of travel related charges and \$30,535 of entertainment related charges. A breakdown of these expenditures is represented in the exhibit below.

In our opinion, the travel and entertainment expenditures for the fiscal year ended August 31, 2021, were appropriately documented and allowable under system and board policies.

EXPENDITURES EXHIBIT

The breakdown by category and purpose of expenditure is provided in the below charts.



* * * * *

The UHS Department of Internal Auditing would like to thank the Board of Regents Office for their cooperation and assistance during this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with a large initial "P" and "H".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

Participating Auditors: Brandee O'Neal, Eric Porter, and Elias McClellan



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

UHS/UH CHANCELLOR/PRESIDENT'S
TRAVEL AND ENTERTAINMENT, FY 2021
AR2022-03

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

**UNIVERSITY HOUSTON SYSTEM
UNIVERSITY OF HOUSTON
CHANCELLOR/PRESIDENT’S
TRAVEL AND ENTERTAINMENT, FY 2021**

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EXECUTIVE SUMMARY

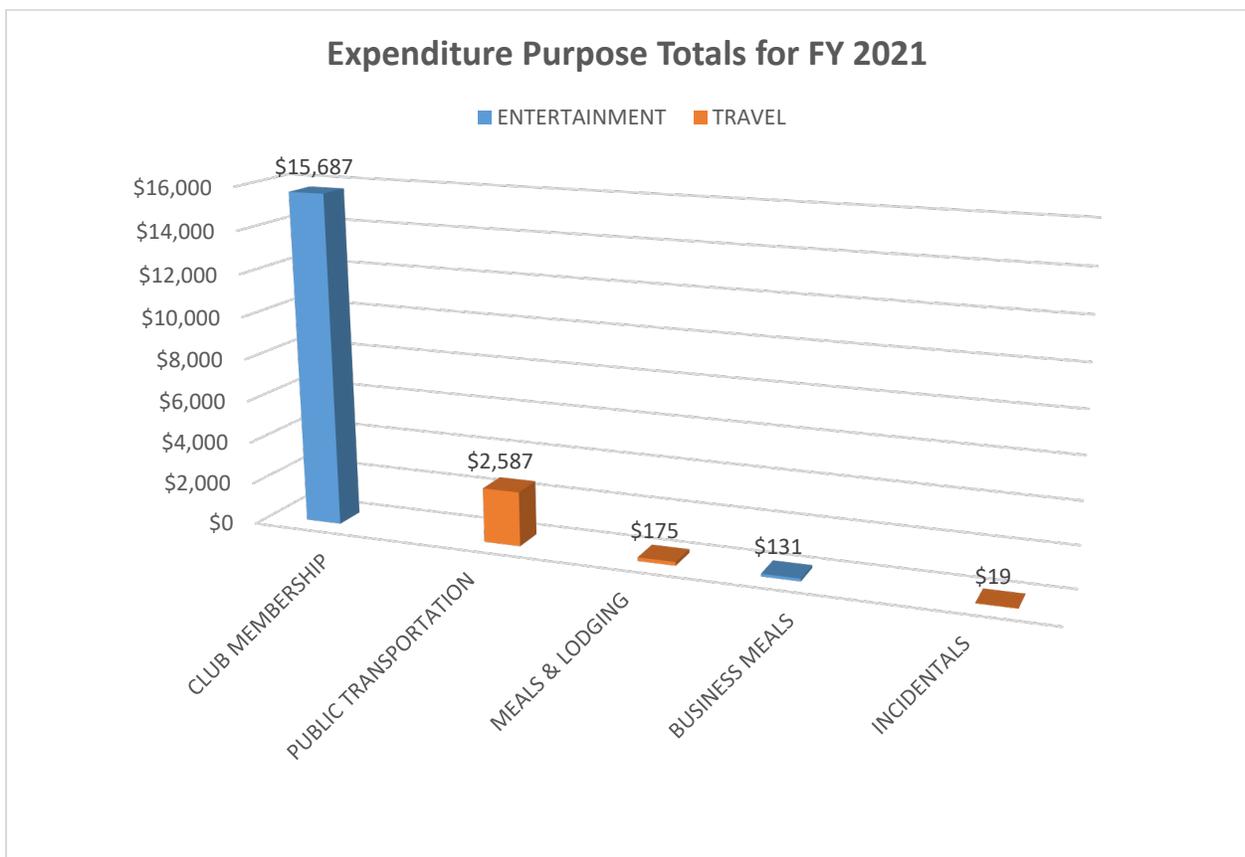
OVERVIEW AND SCOPE

As part of our annual audit plan, we reviewed travel and entertainment expenditures of the University of Houston System (UHS)/University of Houston (UH) Chancellor/President and spouse for fiscal year 2021 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's 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 system and university policies.

OBSERVATIONS AND OPINION

In our opinion, the travel and entertainment expenditures of the Chancellor/President and spouse for the year ended August 31, 2021, were appropriately documented and allowable under system and university policies.

The chart below provides the breakdown of FY 2021 travel and entertainment expenditures by expenditure purpose.



UHS/UH CHANCELLOR/PRESIDENT'S TRAVEL AND ENTERTAINMENT, FY 2021

INTRODUCTION

It is important that the public have confidence that executive expenditures for travel and entertainment are allowable and appropriately documented. In an effort to safeguard assets, the University of Houston System's management has instituted policies related to employee (to include executive) travel and entertainment expenditures. In addition, UH's management has instituted policies related to travel and entertainment expenditures.

The Department of Internal Auditing developed an annual audit plan based upon a system-wide risk assessment to identify significant areas of risk facing the System. The audit plan also includes requested and legislatively mandated audits. All the audits on the plan are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors (IIA).

BACKGROUND

At the request of the UHS Board of Regents, the Internal Auditing Department conducts annual reviews of the travel and entertainment expenditures of the Chancellor/President and spouse. This review is scheduled in the annual audit plan.

OBJECTIVE AND SCOPE

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

The scope of this review was limited to travel and entertainment for the Chancellor/President and spouse that were 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's Office accounts and by outside organizations.

Information relevant to this audit was obtained through:

- Reviewing UHS and UH policies.
- Obtaining travel and entertainment expenditure data from PeopleSoft Finance.
- Reviewing entertainment documentation from PeopleSoft Finance.
- Reviewing travel documentation from Concur Travel.

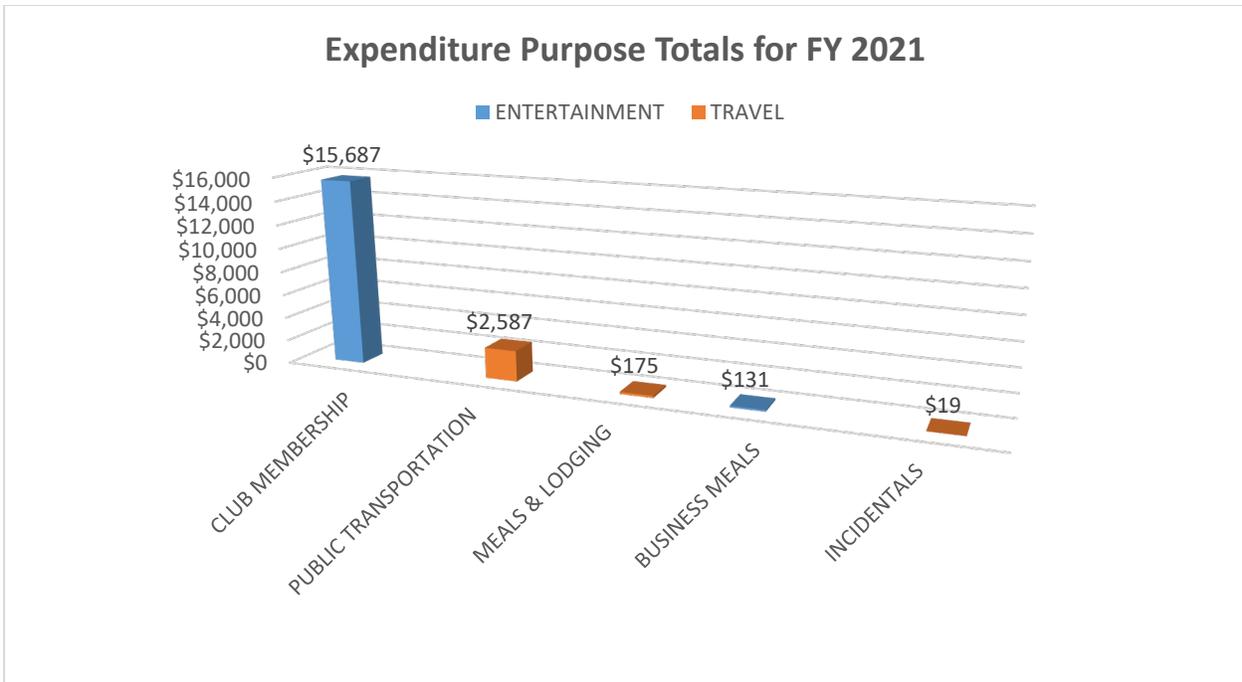
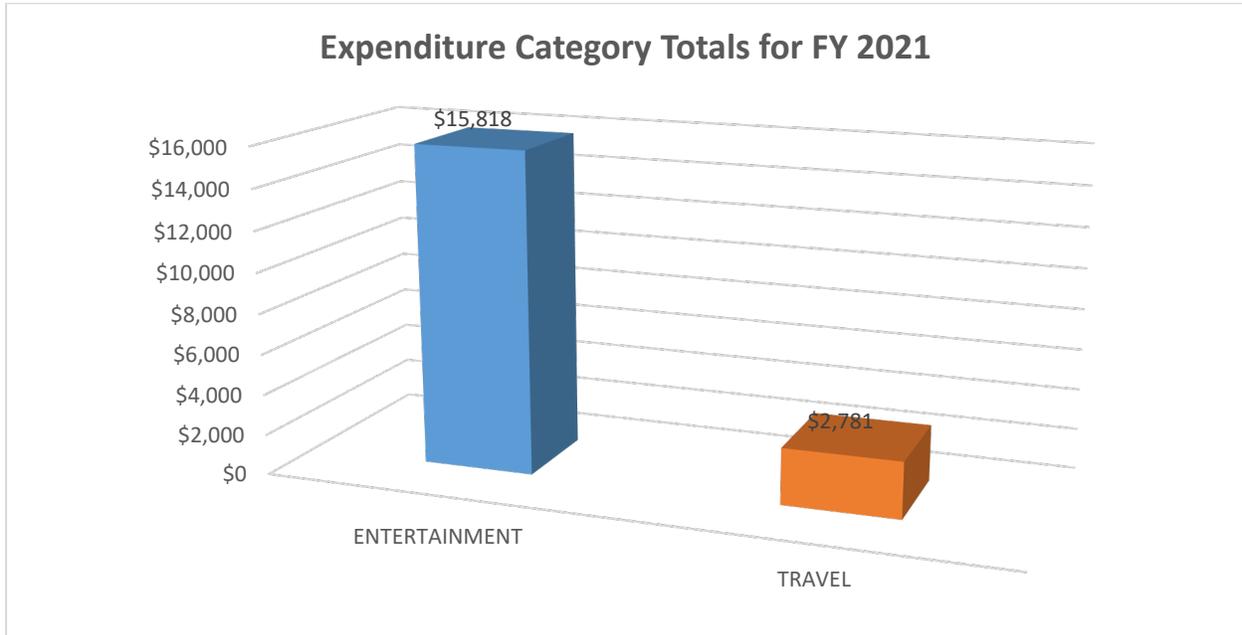
CONCLUSION

We reviewed travel and entertainment expenditures of the Chancellor/President and spouse for fiscal year 2021 funded by accounts of the Chancellor/President's Office. We determined that there were \$2,781 of travel related charges and \$15,818 of entertainment related charges. A breakdown of these expenditures is represented in the exhibit below.

In our opinion, the travel and entertainment expenditures for the fiscal year ended August 31, 2021, were appropriately documented and allowable under system and university policies.

EXPENDITURES EXHIBIT

The breakdown by category and purpose of expenditure is provided in the below charts.



* * * * *

The UHS Department of Internal Auditing would like to thank the Chancellor/President's Office for their cooperation and assistance during this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with the first name being the most prominent.

Phillip W. Hurd
Chief Audit Executive
University of Houston System

Participating Auditors: Brandee O'Neal, Eric Porter, and Elias McClellan



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

UNIVERSITY OF HOUSTON – CLEAR LAKE
PRESIDENT’S TRAVEL AND ENTERTAINMENT, FY 2021
AR2022-04

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

**UNIVERSITY OF HOUSTON – CLEAR LAKE
PRESIDENT’S TRAVEL AND ENTERTAINMENT,
FY 2021**

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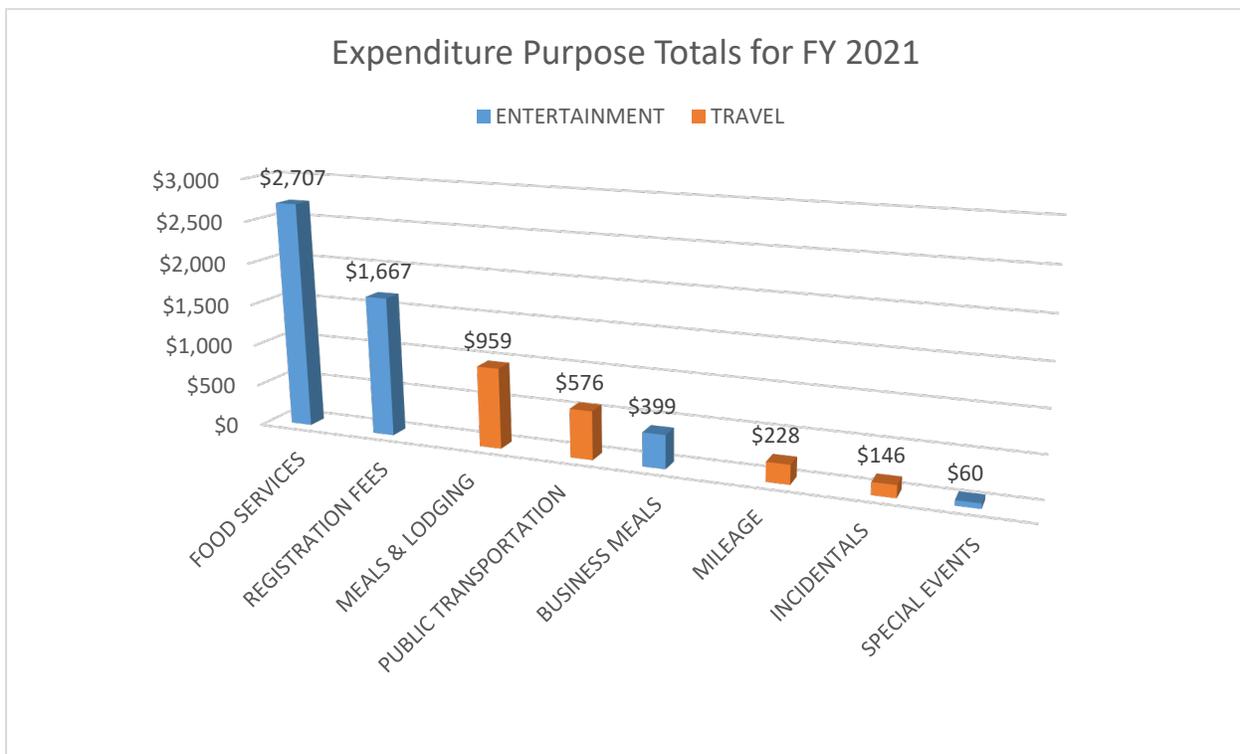
OVERVIEW AND SCOPE

As part of our annual audit plan, we reviewed travel and entertainment expenditures of the University of Houston – Clear Lake (UHCL) President and spouse for fiscal year 2021 funded by accounts of the President’s Office. It should be noted that in some cases, travel and entertainment expenditures for the President and spouse may be funded by accounts other than the President’s 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 system and university policies.

OBSERVATIONS AND OPINION

In our opinion, the travel and entertainment expenditures of the President and spouse for the year ended August 31, 2021, were appropriately documented and allowable under system and university policies.

The chart below provides the breakdown of FY 2021 travel and entertainment expenditures by expenditure purpose.



UHCL PRESIDENT'S TRAVEL AND ENTERTAINMENT, FY 2021

INTRODUCTION

It is important that the public have confidence that executive expenditures for travel and entertainment are allowable and appropriately documented. In an effort to safeguard assets, the University of Houston System's management has instituted policies related to employee (to include executive) travel and entertainment expenditures. In addition, UHCL's management has instituted policies related to travel and entertainment expenditures.

The Department of Internal Auditing developed an annual audit plan based upon a system-wide risk assessment to identify significant areas of risk facing the System. The audit plan also includes requested and legislatively mandated audits. All the audits on the plan are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors (IIA).

BACKGROUND

During fiscal year 2021, the UHS Board of Regents requested that the Internal Auditing Department conduct annual reviews of the travel and entertainment expenditures of the UHCL President and spouse. This will be an annual audit going forward and will be included in annual audit plans.

OBJECTIVE AND SCOPE

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

The scope of this review was limited to travel and entertainment for the President and spouse that were funded by accounts of the President's Office. It should be noted that in some cases, travel and entertainment expenditures for the President and spouse may be funded by accounts other than the President's Office accounts and by outside organizations.

Information relevant to this audit was obtained through:

- Reviewing UHS and UHCL policies.
- Obtaining travel and entertainment expenditure data from PeopleSoft Finance.
- Reviewing travel and entertainment documentation from PeopleSoft Finance.

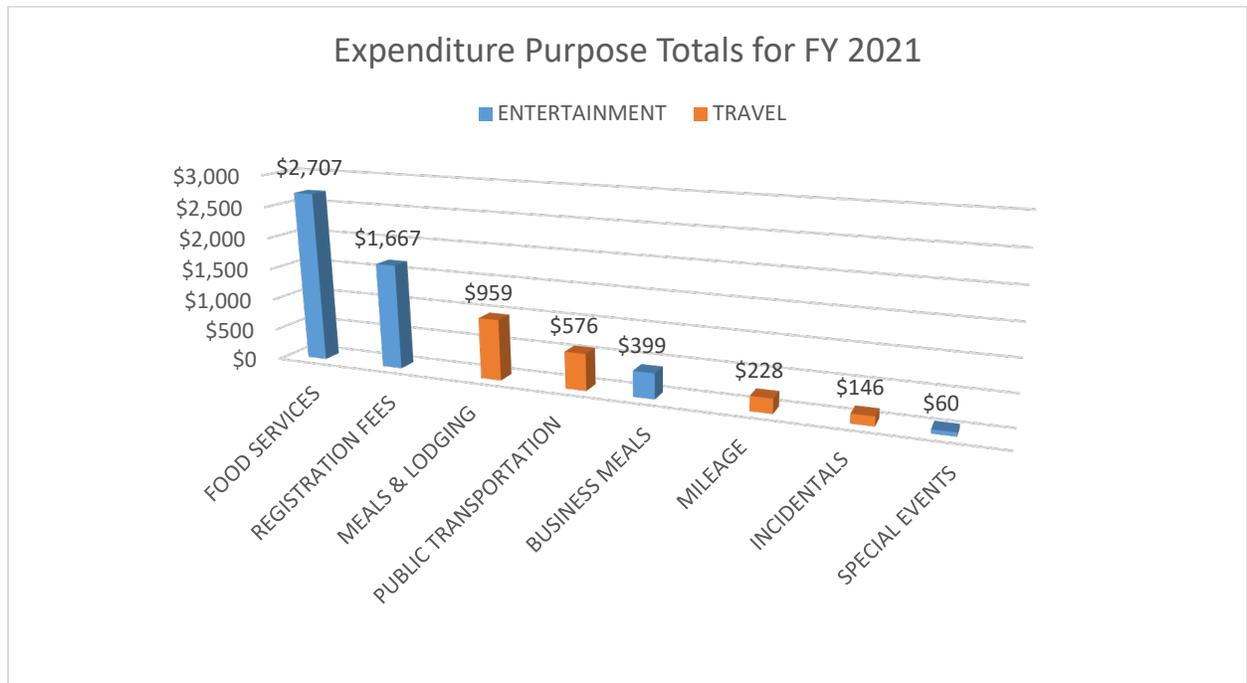
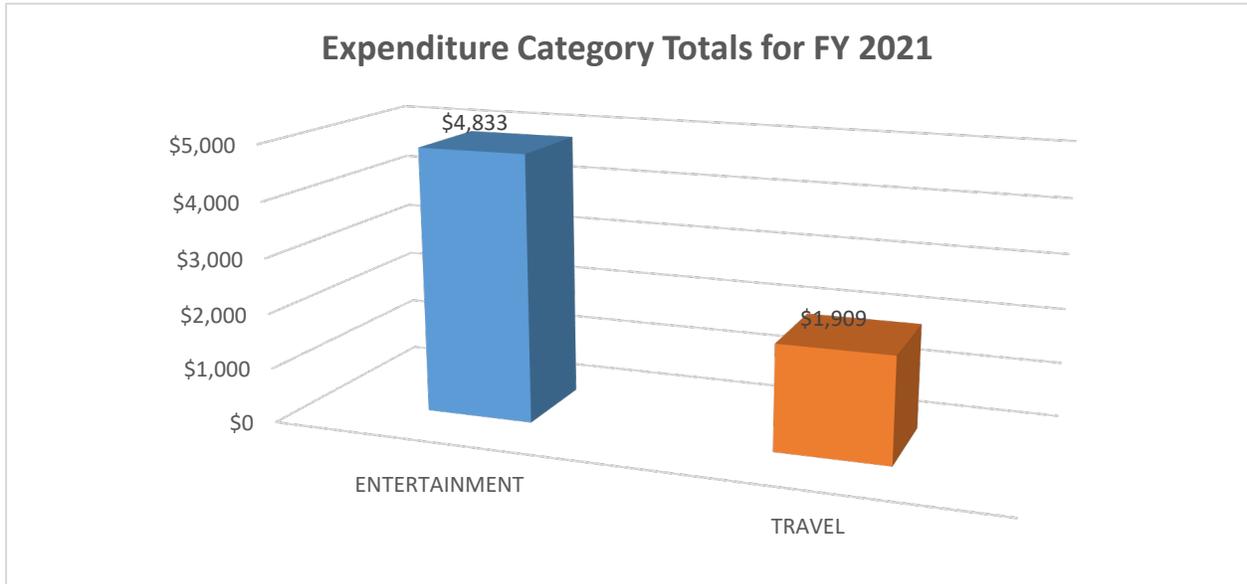
CONCLUSION

We reviewed travel and entertainment expenditures of the President and spouse for fiscal year 2021 funded by accounts of the President's Office. We determined that there were \$1,909 of travel related charges and \$4,833 of entertainment related charges. A breakdown of these expenditures is represented in the exhibit below.

In our opinion, the travel and entertainment expenditures for the fiscal year ended August 31, 2021, were appropriately documented and allowable under system and university policies.

EXPENDITURES EXHIBIT

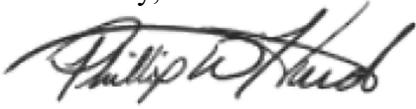
The breakdown by category and purpose of expenditure is provided in the below charts.



* * * * *

The UHS Department of Internal Auditing would like to thank the UHCL President's Office for their cooperation and assistance during this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with a large initial "P" and "H".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

Participating Auditors: Brandee O'Neal, Eric Porter, and Elias McClellan



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

UNIVERSITY OF HOUSTON – DOWNTOWN
PRESIDENT’S TRAVEL AND ENTERTAINMENT, FY 2021
AR2022-05

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

**UNIVERSITY OF HOUSTON – DOWNTOWN
PRESIDENT’S TRAVEL AND ENTERTAINMENT,
FY 2021**

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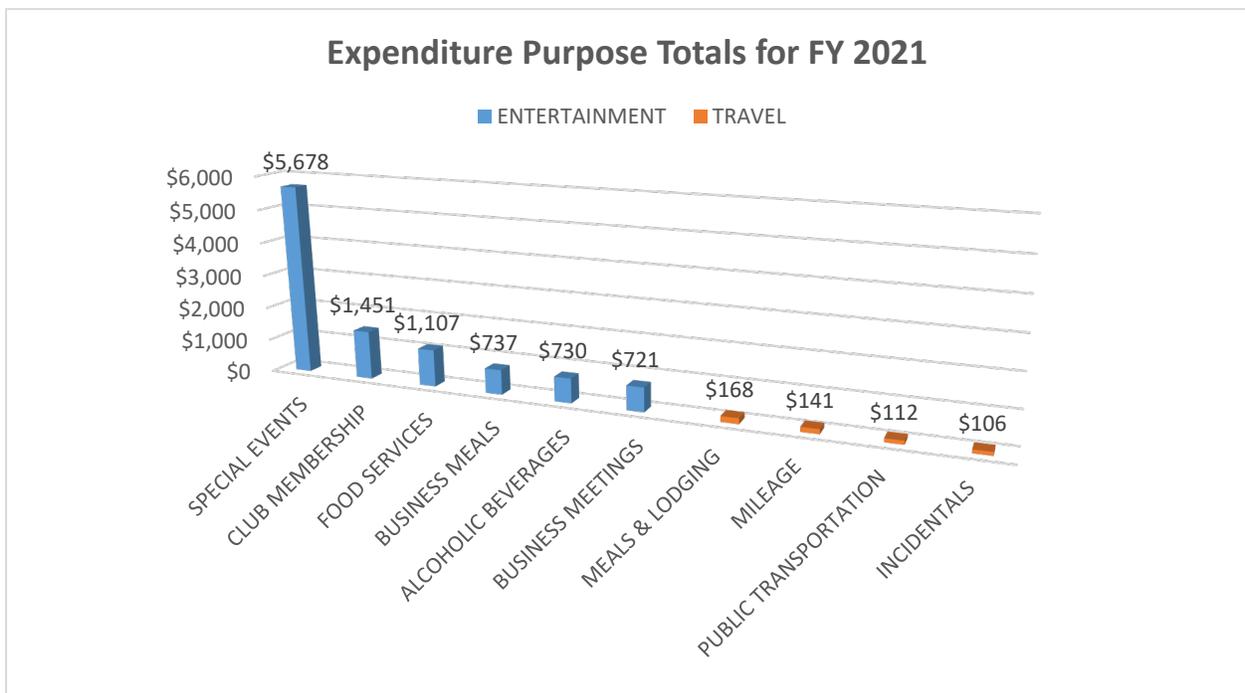
OVERVIEW AND SCOPE

As part of our annual audit plan, we reviewed travel and entertainment expenditures of the University of Houston – Downtown (UHD) President and spouse for fiscal year 2021 funded by accounts of the President’s Office. It should be noted that in some cases, travel and entertainment expenditures for the President and spouse may be funded by accounts other than the President’s 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 system and university policies.

OBSERVATIONS AND OPINION

In our opinion, the travel and entertainment expenditures of the President and spouse for the year ended August 31, 2021, were appropriately documented and allowable under system and university policies.

The chart below provides the breakdown of FY 2021 travel and entertainment expenditures by expenditure purpose.



UHD PRESIDENT'S TRAVEL AND ENTERTAINMENT, FY 2021

INTRODUCTION

It is important that the public have confidence that executive expenditures for travel and entertainment are allowable and appropriately documented. In an effort to safeguard assets, the University of Houston System's management has instituted policies related to employee (to include executive) travel and entertainment expenditures. In addition, UHD's management has instituted policies related to travel and entertainment expenditures.

The Department of Internal Auditing developed an annual audit plan based upon a system-wide risk assessment to identify significant areas of risk facing the System. The audit plan also includes requested and legislatively mandated audits. All the audits on the plan are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors (IIA).

BACKGROUND

During fiscal year 2021, the UHS Board of Regents requested that the Internal Auditing Department conduct annual reviews of the travel and entertainment expenditures of the UHD President and spouse. This will be an annual audit going forward and will be included in annual audit plans.

OBJECTIVE AND SCOPE

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

The scope of this review was limited to travel and entertainment for the President and spouse that were funded by accounts of the President's Office. It should be noted that in some cases, travel and entertainment expenditures for the President and spouse may be funded by accounts other than the President's Office accounts and by outside organizations.

Information relevant to this audit was obtained through:

- Reviewing UHS and UHD policies.
- Obtaining travel and entertainment expenditure data from PeopleSoft Finance.
- Reviewing travel and entertainment documentation from PeopleSoft Finance.

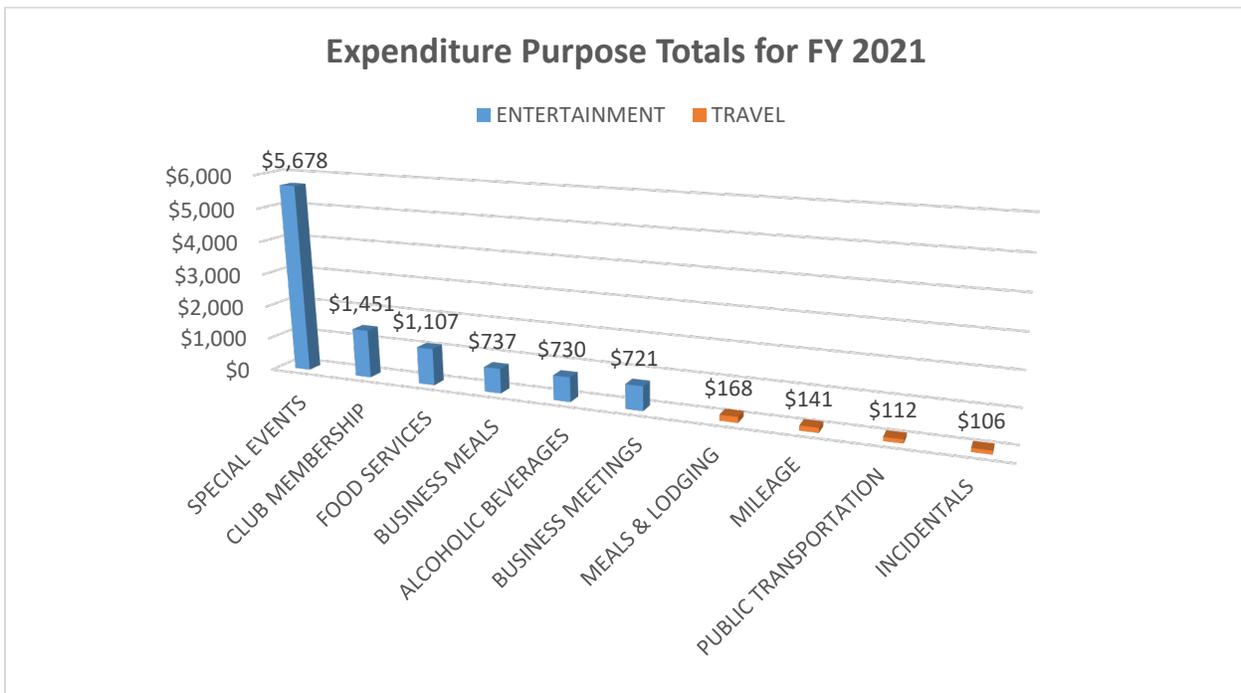
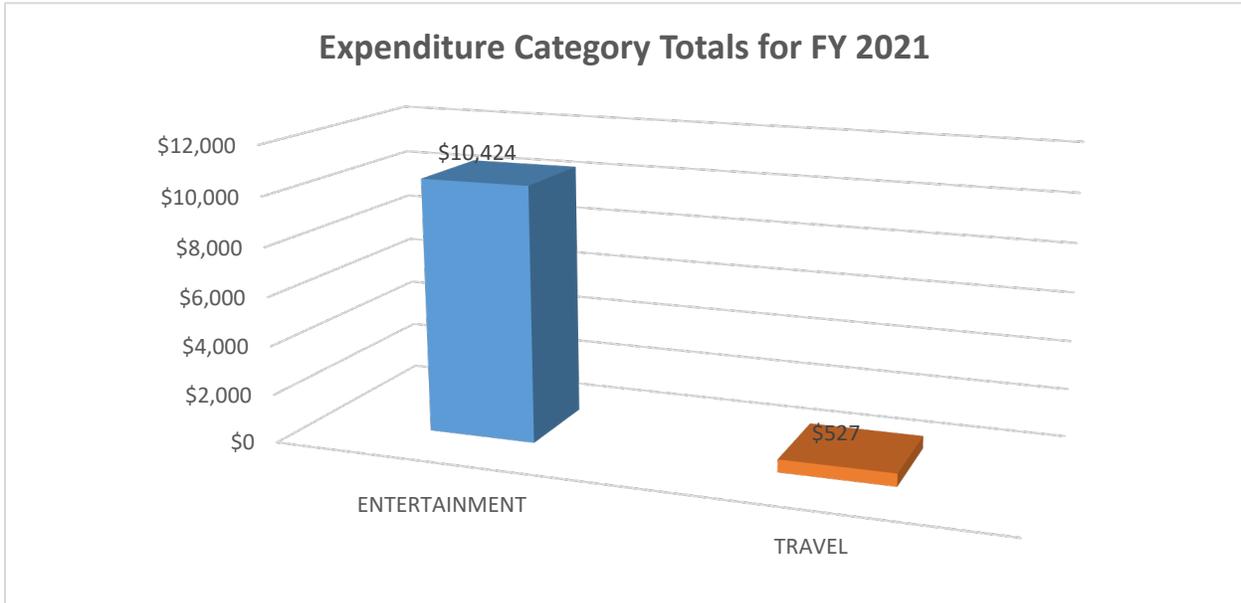
CONCLUSION

We reviewed travel and entertainment expenditures of the President and spouse for fiscal year 2021 funded by accounts of the President's Office. We determined that there were \$527 of travel related charges and \$10,424 of entertainment related charges. A breakdown of these expenditures is represented in the exhibit below.

In our opinion, the travel and entertainment expenditures for the fiscal year ended August 31, 2021, were appropriately documented and allowable under system and university policies.

EXPENDITURES EXHIBIT

The breakdown by category and purpose of expenditure is provided in the below charts.



* * * * *

The UHS Department of Internal Auditing would like to thank the UHD President's Office for their cooperation and assistance during this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with a large initial "P" and "H".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

Participating Auditors: Brandee O'Neal, Eric Porter, and Elias McClellan



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

UNIVERSITY OF HOUSTON – VICTORIA
PRESIDENT’S TRAVEL AND ENTERTAINMENT, FY 2021
AR2022-06

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

**UNIVERSITY OF HOUSTON – VICTORIA
PRESIDENT’S TRAVEL AND ENTERTAINMENT,
FY 2021**

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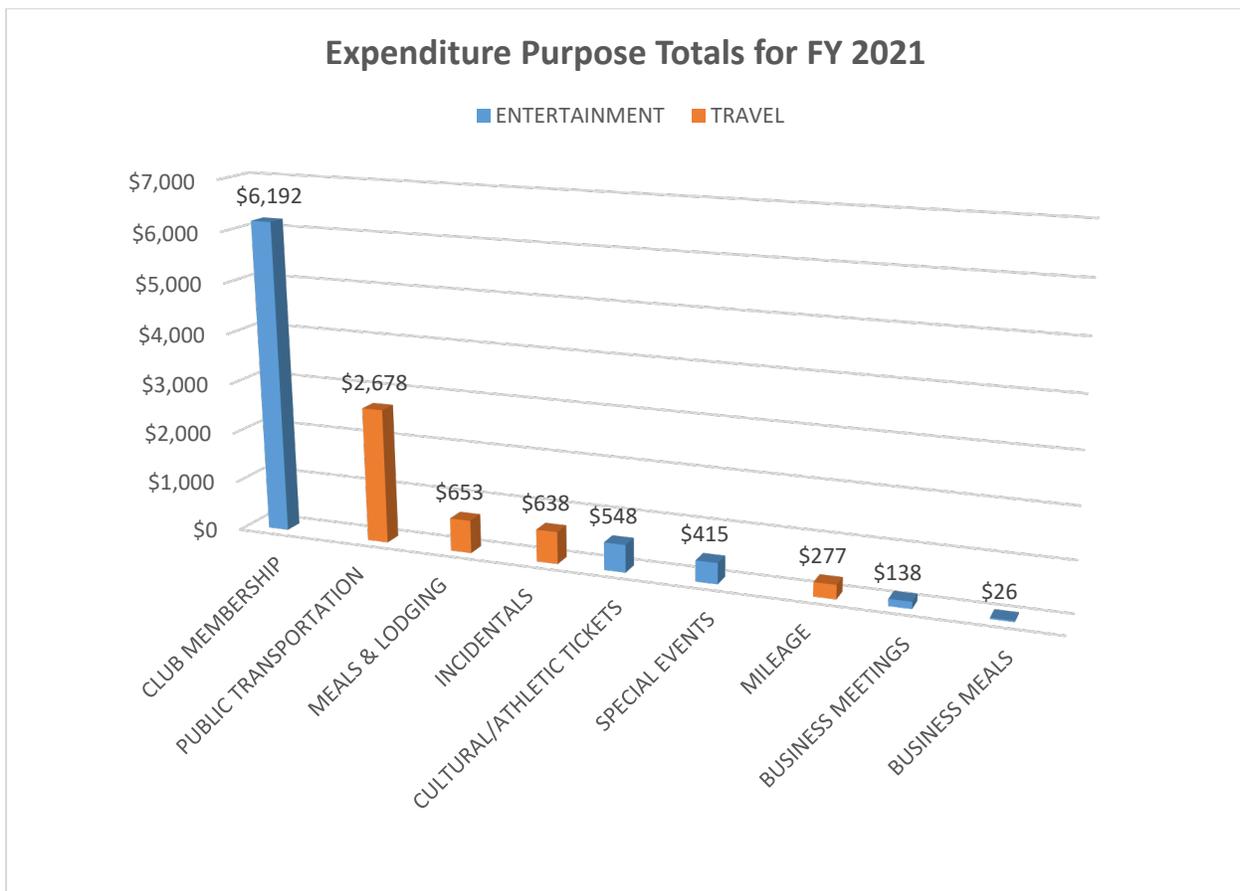
OVERVIEW AND SCOPE

As part of our annual audit plan, we reviewed travel and entertainment expenditures of the University of Houston – Victoria (UHV) President and spouse for fiscal year 2021 funded by accounts of the President’s Office. It should be noted that in some cases, travel and entertainment expenditures for the President and spouse may be funded by accounts other than the President’s 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 system and university policies.

OBSERVATIONS AND OPINION

In our opinion, the travel and entertainment expenditures of the President and spouse for the year ended August 31, 2021, were appropriately documented and allowable under system and university policies.

The chart below provides the breakdown of FY 2021 travel and entertainment expenditures by expenditure purpose.



UHV PRESIDENT'S TRAVEL AND ENTERTAINMENT, FY 2021

INTRODUCTION

It is important that the public have confidence that executive expenditures for travel and entertainment are allowable and appropriately documented. In an effort to safeguard assets, the University of Houston System's management has instituted policies related to employee (to include executive) travel and entertainment expenditures. In addition, UHV's management has instituted policies related to travel and entertainment expenditures.

The Department of Internal Auditing developed an annual audit plan based upon a system-wide risk assessment to identify significant areas of risk facing the System. The audit plan also includes requested and legislatively mandated audits. All the audits on the plan are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors (IIA).

BACKGROUND

During fiscal year 2021, the UHS Board of Regents requested that the Internal Auditing Department conduct annual reviews of the travel and entertainment expenditures of the UHV President and spouse. This will be an annual audit going forward and will be included in annual audit plans.

OBJECTIVE AND SCOPE

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

The scope of this review was limited to travel and entertainment for the President and spouse that were funded by accounts of the President's Office. It should be noted that in some cases, travel and entertainment expenditures for the President and spouse may be funded by accounts other than the President's Office accounts and by outside organizations.

Information relevant to this audit was obtained through:

- Reviewing UHS and UHV policies.
- Obtaining travel and entertainment expenditure data from PeopleSoft Finance.
- Reviewing travel and entertainment documentation from PeopleSoft Finance.

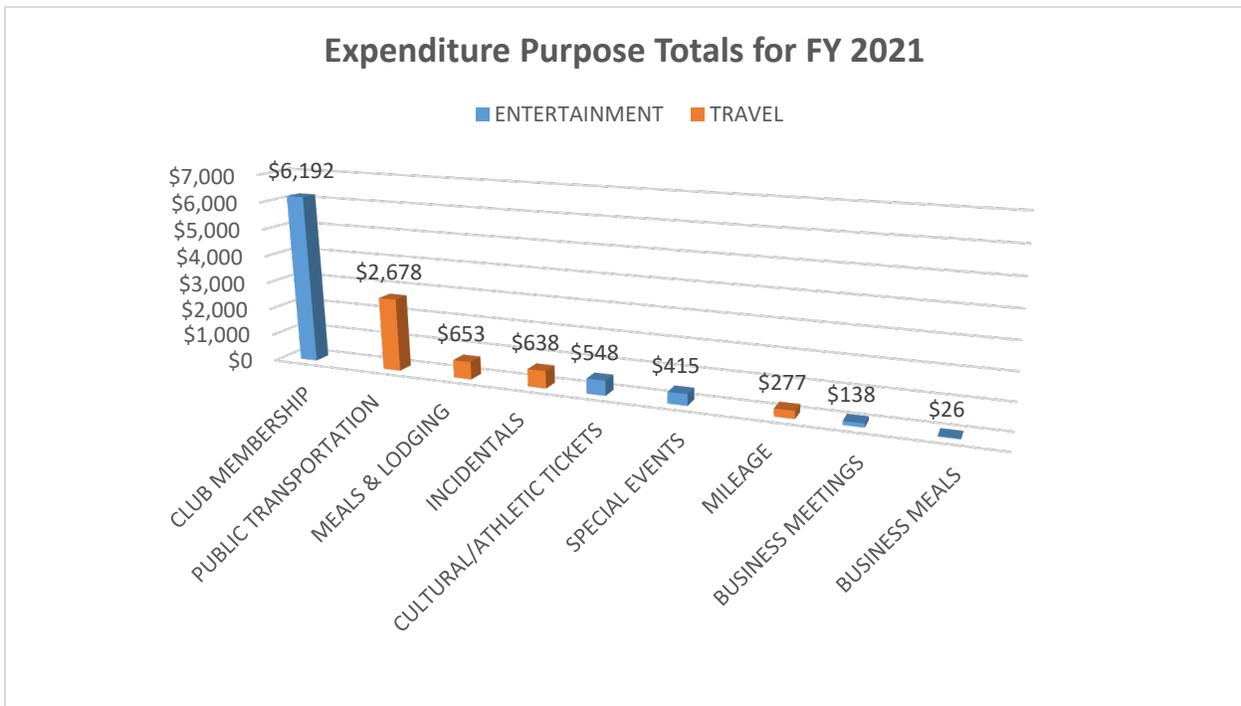
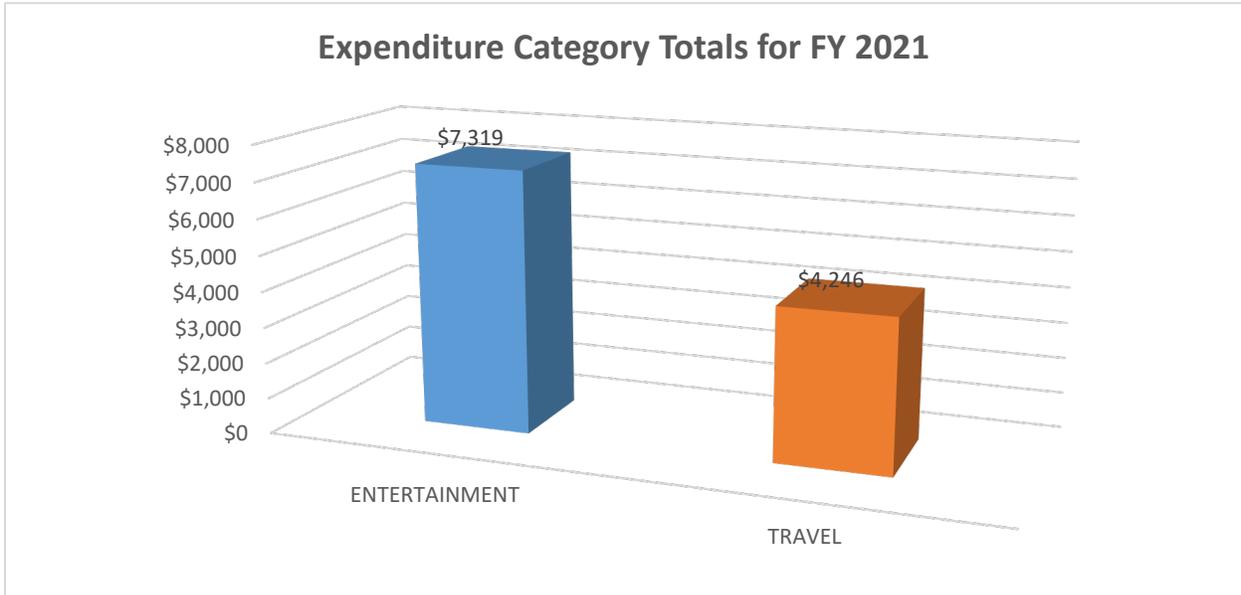
CONCLUSION

We reviewed travel and entertainment expenditures of the President and spouse for fiscal year 2021 funded by accounts of the President's Office. We determined that there were \$4,246 of travel related charges and \$7,319 of entertainment related charges. A breakdown of these expenditures is represented in the exhibit below.

In our opinion, the travel and entertainment expenditures for the fiscal year ended August 31, 2021, were appropriately documented and allowable under system and university policies.

EXPENDITURES EXHIBIT

The breakdown by category and purpose of expenditure is provided in the below charts.



* * * * *

The UHS Department of Internal Auditing would like to thank the UHV President's Office for their cooperation and assistance during this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with a large initial "P" and "H".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

Participating Auditors: Brandee O'Neal, Eric Porter, and Elias McClellan



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

University of Houston-Victoria
Joint Admission Medical Program, Fiscal Years 2020-2021
AR2022-07

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

**UNIVERSITY OF HOUSTON – VICTORIA
JOINT ADMISSION MEDICAL PROGRAM
FISCAL YEAR’S 2020 – 2021**

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EXECUTIVE SUMMARY

OVERVIEW AND SCOPE

The University of Houston System (UHS) Department of Internal Auditing based its opinion over the appropriateness of the expenditures for the Joint Admission Medical Program (JAMP) program for fiscal years 2020 and 2021 on the information provided during the audit. We were informed certain requested information was destroyed or lost during and after a building fire in March 2020. The report's contents contain our opinion based exclusively on the available information provided.

The University of Houston-Victoria (UHV) entered into an agreement with the Joint Admission Medical Program Council, which administers the JAMP program that provides funding for programs in support of economically disadvantaged students interested in attending medical school. The scope for this audit was a review and opinion over the appropriateness of the expenditures for the program for fiscal years 2020 and 2021.

OBSERVATIONS AND OPINIONS

In our opinion, based on the information provided to the UHS Department of Internal Auditing, the expenditures for the JAMP program for fiscal years 2020 and 2021, were appropriate and allowable under the JAMP agreement. However, the audit noted administrative issues related to the JAMP program which resulted in UHV policy violations:

- Insufficient documentation to support effort reported.
- Wages were not properly allocated which resulted in effort reports not being timely completed.
- A Travel Request for the JAMP Director, for travel paid with JAMP funds, was not approved by the Office of Research and Sponsored Programs (ORSP).

RECOMMENDATIONS

The UHS Department of Internal Auditing recommends the following actions:

1. The ORSP should review fiscal year's 2020 and 2021 effort paid, reallocate salary expenses, amend JAMP expenditure reports and return additional unused funds to JAMP, as necessary.
2. The JAMP Director should meet with the Student Success Center timely to determine the number of JAMP tutors, the total number of weekly hours the JAMP tutors can work, and the hourly wage the JAMP tutors will be paid.
3. The JAMP Director should develop a process to ensure that the Electronic Position Request forms (EPRs) and Electronic Personnel Action Request forms (EPARs) for the JAMP tutors are timely completed.
4. The JAMP Director should develop a process to obtain monthly effort and progress reports from the Student Success Center for each JAMP tutor.
5. The ORSP should develop a process to ensure that effort reports for the JAMP tutors are timely completed.
6. The JAMP Director should develop a process to ensure that Travel Requests, for travel paid with grant funds, are submitted to the ORSP for approval.

UNIVERSITY OF HOUSTON-VICTORIA JOINT ADMISSION MEDICAL PROGRAM FISCAL YEAR'S 2020 AND 2021

INTRODUCTION

The University of Houston System (UHS) Department of Internal Auditing based its opinion over the appropriateness of the expenditures for the Joint Admission Medical Program (JAMP) program for fiscal years 2020 and 2021 on the information provided during the audit. We were informed certain requested information was destroyed or lost during and after a building fire in March 2020. The report's contents contain our opinion based exclusively on the available information provided.

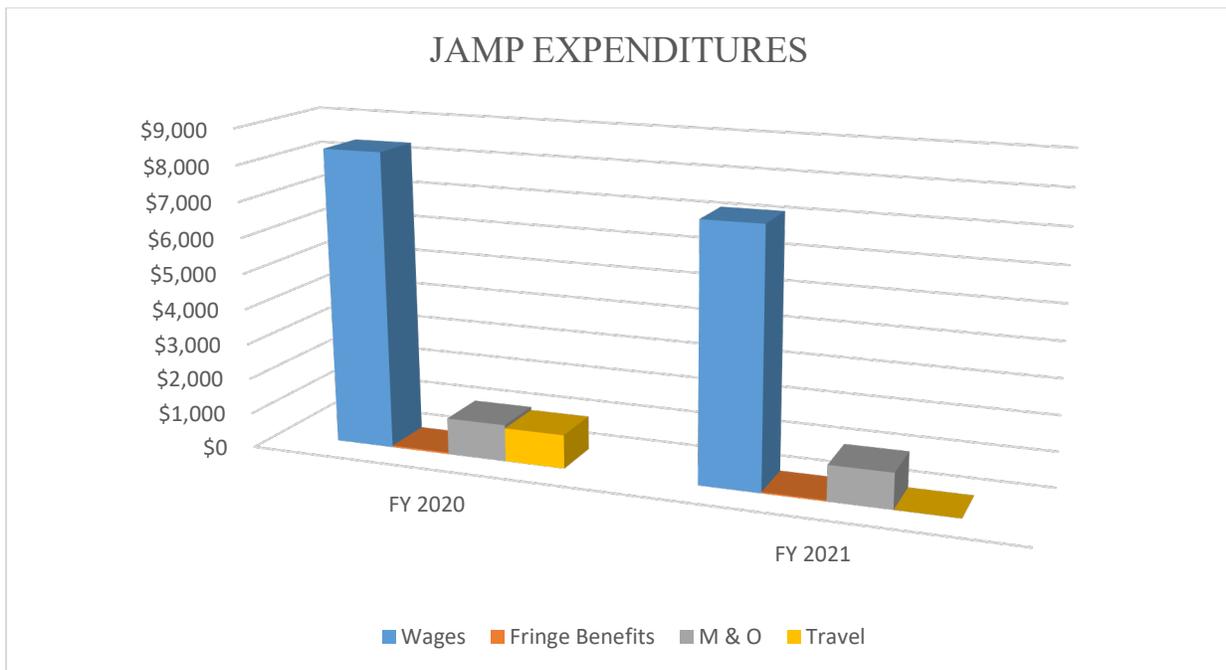
Senate Bill 940 of the 77th Legislative Session (2001) of the State of Texas established the JAMP program to (1) provide services to support and encourage highly qualified, economically disadvantaged students pursuing a medical education; (2) award undergraduate and graduate scholarships and summer stipends to those students; and (3) guarantee the admission of those students to at least one participating medical school (Texas Education Code, §51.822).

The JAMP grants are funded by the Texas Higher Education Coordinating Board and distributed by the Joint Admission Medical Program at the Texas Medical and Dental Schools Application Service.

BACKGROUND

The University of Houston-Victoria (UHV), as a participating school in the JAMP program, is required to select a faculty member to serve as a Faculty Director, recruit, and matriculate eligible undergraduate students for admission to the program, provide academic counseling to participating students enrolled at UHV, and assist with the student's application to and participation in the program.

During fiscal year 2020, UHV received \$12,244 of JAMP funding, total expenditures were \$10,388.39, and \$1,855.61 of unused JAMP funds were returned. During fiscal year 2021, UHV received \$12,332 of JAMP funding, total expenditures were \$8,189.53, and \$4,142.47 of unused JAMP funds were returned. The expenditure amounts are represented in the graph below:



OBJECTIVE AND SCOPE

The objective of this audit, as required by the JAMP program, is to provide assurance that the UHV is in compliance with policies, procedures, laws and regulations that could have a significant impact on operations and reports.

Information relevant to this audit was obtained through:

- Interviewing the JAMP Director, Office of Research and Sponsored Programs (ORSP) and Student Success Center personnel.
- Conducting walk-throughs over key processes.
- Reviewing laws and regulations.
- Reviewing UHS and UHV policies and procedures.

CONCLUSION

In our opinion, based on the information provided to the UHS Department of Internal Auditing, the expenditures for the JAMP program for fiscal years 2020 and 2021, were appropriate and allowable under the JAMP agreement. However, the audit noted administrative issues related to the JAMP program which resulted in UHV policy violations:

- Insufficient documentation to support effort reported.
- Wages were not properly allocated which resulted in effort reports not being timely completed.
- A Travel Request for the JAMP Director, for travel paid with JAMP funds, was not approved by the ORSP.

RECOMMENDATIONS

To improve efficiency and mitigate risk, the UHS Department of Internal Auditing recommends the following actions:

1. The ORSP should review fiscal year's 2020 and 2021 effort paid, reallocate salary expenses, amend JAMP expenditure reports and return additional unused funds to JAMP, as necessary.
2. The JAMP Director should meet with the Student Success Center timely to determine the number of JAMP tutors, the total number of weekly hours the JAMP tutors can work, and the hourly wage the JAMP tutors will be paid.
3. The JAMP Director should develop a process to ensure that the Electronic Position Request forms (EPRs) and the Electronic Personnel Action Request forms (EPARs) for the JAMP tutors are timely completed.
4. The JAMP Director should develop a process to obtain monthly effort and progress reports from the Student Success Center for each JAMP tutor.
5. The ORSP should develop a process to ensure that effort reports for the JAMP tutors are timely completed.
6. The JAMP Director should develop a process to ensure that Travel Requests, for travel paid with grant funds, are submitted to the ORSP for approval.

MANAGEMENT RESPONSES

The ORSP and JAMP Faculty Director (JFD) provided the below noted responses for the reported issues:

1. Compare tutors' earnings per the HR labor distribution reports to the UPSWING Tutoring reports, provided by Student Success, to identify the number of 1-on-1 Tutoring hours (for Biology or Chemistry) that prospective JAMP students and the current JAMP student received. Any identified discrepancies, wages and applicable employer paid taxes, will be reallocated from the JAMP FY20 and FY21 grants to the responsible departmental cost center in the Success Center. Time and Effort Certification Forms for impacted periods will be amended. Since FY20 and FY21 are closed and payroll reallocation cannot be processed in accordance with policy B-2, the UHV Research Administrator will request an exception to policy from the President or VP for Administration and Finance. After receiving approval, ORSP will prepare a GL journal for the cost transfer. The FY20 and FY21 University of Houston - Victoria Expenditure Report Form will be amended to reflect the reduction in salary expenses. The amended forms and PeopleSoft financial report (1074) will be forwarded to Mr. Paul Hermesmeier, Director, and Cody Pannel, Administrative Assistant at the Joint Admission Medical Program. A voucher to return additional unused fund to JAMP will be processed once JAMP accepts the amended expenditure reports and UHV receives the subsequent invoices. ORSP, in turn, will provide UH Internal Audit copies of documentation used to identify discrepancies, amended expenditure reports, subsequent invoices, updated PeopleSoft financial report (1074) for JAMP FY20 and FY21, vouchers with supporting documentation and a copy of the checks/ACH's remittances for the unused funds that was returned to JAMP.

2. The JFD will meet with the Student Success Center personnel to discuss the tutor(s)' activities at the start of each semester and will be notified of any new tutors that start during the semester.
3. The JFD will meet with the Student Success Center personnel to establish the process to ensure tutor records are current. The Student Success Center will send monthly reports of tutor activity associated with JAMP.
4. The JFD will have the Student Success Center send him monthly reports.
5. The Grants and Contracts Coordinator manually prepares the Time and Effort Certification forms using PeopleSoft Human Resource Management System (HRMS) data from payroll. The forms are reviewed by the Research Administrator for accuracy and then distributed to the PI/PD with personnel compensated in whole or in part by a sponsored project. To ensure that effort reports are completed timely, a log for all forms for the quarter will be created and will include the employee's id, name, email address, supervisor's name and email address, and the PI/PD's name and email address. Personnel will be given 15 business days to return the complete forms. The Grants and Contracts Coordinator will send weekly email reminders to personnel and copy their PI/PD with outstanding forms.
6. The JFD will submit travel requests to the College of Education and Health Professions Administrative Assistant prior to any UHV affiliated travel including annual TAAHP conference meetings and annual JFD training meetings.

The UHS Department of Internal Auditing would like to thank the JAMP Director and Office of Research and Sponsored Programs for their cooperation and assistance during this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with a large initial "P" and "H".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

Participating Auditors: Brandee O'Neal, Tony Moreno and Emily Tran

Action Item Number	Audit Area	University	Recommendation Summary	Task	Responsible Person	Targeted Date	Status
1	Policies and Procedures	UHV	The ORSP should review fiscal year's 2020 and 2021 effort paid, reallocate salary expenses, amend JAMP expenditure reports and return additional unused funds to JAMP, as necessary.	Compare tutors' earnings per the HR labor distribution reports to the UPSWING Tutoring reports, provided by Student Success, to identify the number of 1-on-1 Tutoring hours (for Biology or Chemistry) that prospective JAMP students and the current JAMP student received. Any identified discrepancies, wages and applicable employer paid taxes, will be reallocated from the JAMP FY20 and FY21 grants to the responsible departmental cost center in the Success Center. Time and Effort Certification Forms for impacted periods will be amended. Since FY20 and FY21 are closed and payroll reallocation cannot be processed in accordance with policy B-2, the UHV Research Administrator will request an exception to policy from the President or VP for Administration and Finance. After receiving approval, ORSP will prepare a GL journal for the cost transfer. The FY20 and FY21 University of Houston - Victoria Expenditure Report Form will be amended to reflect the reduction in salary expenses. The amended forms and PeopleSoft financial report (1074) will be forwarded to Mr. Paul Hermesmeyer, Director, and Cody Pannel, Administrative Assistant at the Joint Admission Medical Program. A voucher to return additional unused fund to JAMP will be processed once JAMP accepts the amended expenditure reports and UHV receives the subsequent invoices. ORSP, in turn, will provide UH Internal Audit copies of documentation used to identify discrepancies, amended expenditure reports, subsequent invoices, updated PeopleSoft financial report (1074) for JAMP FY20 and FY21, vouchers with supporting documentation and a copy of the checks/ACH's remittances for the unused funds that was returned to JAMP.	Angela Hartmann, Eliza Fortner, and Amanda Reyes	12/17/2021	
2	Policies and Procedures	UHV	The JAMP Director should meet with the Student Success Center timely to determine the number of JAMP tutors, the total number of weekly hours the JAMP tutors can work, and the hourly wage the JAMP tutors will be paid.	The JAMP Faculty Director (JFD) will meet with the Student Success Center personnel to discuss the tutor(s)' activities at the start of each semester and will be notified of any new tutors that start during the semester.	Michael Wiblishauser and Student Success Center	11/15/2021 (first meeting) and subsequent meetings during the next semester	
3	Policies and Procedures	UHV	The JAMP Director should develop a process to ensure that the Electronic Position Request forms (EPRs) and Electronic Personnel Action Request forms (EPARs) for the JAMP tutors are timely completed.	The JFD will meet with the Student Success Center personnel to establish the process to ensure tutor records are current. The Student Success Center will send monthly reports of tutor activity associated with JAMP.	Michael Wiblishauser and Student Success Center	11/30/2021 (first report) and subsequent reports on a monthly basis. The Student Success Center will send aforementioned reports to the JFD at the end of each month.	
4	Policies and Procedures	UHV	The JAMP Director should develop a process to obtain monthly effort and progress reports from the Student Success Center for each JAMP tutor.	The JFD will have the Student Success Center send him monthly reports	Michael Wiblishauser and Student Success Center	11/30/2021 first report and subsequent reports at the end of each month.	
5	Policies and Procedures	UHV	The ORSP should develop a process to ensure that effort reports for the JAMP tutors are timely completed.	The Grants and Contracts Coordinator manually prepares the Time and Effort Certification forms using PeopleSoft Human Resource Management System (HRMS) data from payroll. The forms are reviewed by the Research Administrator for accuracy and then distributed to the PI/PD with personnel compensated in whole or in part by a sponsored project. To ensure that effort reports are completed timely, a log for all forms for the quarter will be created and will include the employee's id, name, email address, supervisor's name and email address, and the PI/PD's name and email address. Personnel will be given 15 business days to return the complete forms. The Grants and Contracts Coordinator will send weekly email reminders to personnel and copy their PI/PD with outstanding forms.	Angela Hartmann, Eliza Fortner, and Amanda Reyes	11/30/2021	
6	Policies and Procedures	UHV	The JAMP Director should develop a process to ensure that Travel Requests, for travel paid with grant funds, are submitted to the ORSP for approval.	The JFD will submit travel requests to the College of Education and Health Professions Administrative Assistant prior to any UHV affiliated travel including annual TAAHP conference meetings and annual JFD training meetings.	Michael Wiblishauser	Prior to the TAAHP Annual Conference and the Annual JFD Training Meetings held in the Summer.	



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

UH EXPORT CONTROLS
AR2022-08

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

UNIVERSITY OF HOUSTON

EXPORT CONTROLS AUDIT

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EXECUTIVE SUMMARY

Overview and Scope Summary

Export controls are laws and regulations established by United States Federal Government agencies to restrict the export of goods, technology, and information out of the country for reasons of national security or protection of trade. The regulations fall under the following export regulations, categories and agencies:

- Export Administration Regulations (EAR): associated with exporting sensitive items while ensuring that trade can still occur between the US and foreign countries.
- International Traffic in Arms Regulations (ITAR): prohibit the export of sensitive military articles and services.
- Commerce Control List (CCL): category list of items that have both commercial and military applications.
- Office of Foreign Assets Control (OFAC): restricts commerce with certain foreign countries, companies, and individuals.

The scope for this audit was FY18 - FY20 for UH. Additionally, we focused on recommending improvements that will help ensure our ability to properly monitor export controls as well as mitigate risks related to foreign influence and the protection of research data presently and in the future as our research activities continue to grow.

Observations:

During the audit, the Department of Internal Auditing focused on evaluating the various processes related to managing export controls. Although primarily related to research activity, export controls extend to other common university activities occurring across the university such as international travel, international shipping/receiving, protection of research data, and online courses involving individuals from other countries. We identified the need to develop policies and an education program related to export control matters, enhance controls that monitor research activity, increase awareness of laws and regulations (and associated penalties for non-compliance) and best practices, and automate processes.

Overall Audit Opinion

There were moderate to significant findings in this report related to the control structure surrounding export control, foreign influence, visiting scholars, and research data protection. These process areas include policies and procedures; education and awareness; international shipping; and international travel.

Recommendations:

UHS IAD recommends the following actions:

1. Management should evaluate the organizational structure dedicated to managing the export controls process to ensure that proper oversight can occur.
2. Management should enhance its awareness and education program related to export controls, foreign influence, international travel, visiting scholars, and research data security. The awareness program should include, at a minimum, knowledge related to a general overview of export controls laws and regulations, allowable exclusions, penalties for non-compliance, foreign influence or research data security, and how these impact research conducted at UH. The education plan should include, at a minimum, an evaluation of training needs as well as who should be required to take the training and how compliance should be monitored.
3. Management should enhance policies and procedures for export controls, foreign influence, visiting scholars, foreign talent recruitment, research data security, monitoring international travel and shipments from UH, and required training related to the above referenced topics. These policies should define, at a minimum, export control and compliance requirements; UH's position on grant contracts with export control language; notification and/or approvals for visiting scholars; protection of research data, etc.; reviews, approvals, and monitoring of international travel; and reviews, approvals and monitoring of international shipping.
4. Procedures related to export controls, international shipments, international travel, training, visiting scholars, etc. such as reviews, approvals, monitoring, etc. should be automated, as appropriate.
5. Management should reevaluate the control structure for international shipping requests and institute a process that requires DoR approval prior to shipping.
6. Management should implement a control structure to ensure compliance with System Administrative Memorandum 07.A.08 – Data Classification and Protection. This must include, but not be limited to, elements such as training to staff and faculty regarding the requirements of SAM 07.A.08, review of laptops prior to travelling internationally, and/or a “clean laptop” loaner program.

ANALYSIS OF THE UNIVERSITY OF HOUSTON EXPORT CONTROLS

INTRODUCTION

The Internal Auditing Department developed an annual audit plan based upon a system-wide risk assessment to identify significant areas of risk facing the System. All the audits on the plan are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors (IIA).

BACKGROUND

The Internal Auditing Department (IAD) performed a review of export controls at UH.

The Division of Research (DoR) is responsible for monitoring research activity, corresponding to annual expenditures of approximately \$195 million, to ensure compliance with export controls laws and regulations. One of the three Research Contracts Officers performs all export control responsibilities such as reviewing grant documentation for export control restrictions, providing guidance to faculty and staff, monitoring international travel, assisting in the hiring of foreign faculty researchers and research staff, and evaluating the risks of foreign influence. The Research Contracts Officer is also responsible for other research administration tasks such as assisting with grant proposals and reviewing grant contracts.

While the Research Contracts Officer handles the above mentioned responsibilities, UH primarily relies on self-disclosure by faculty researchers to identify potential export control matters.

OBJECTIVE AND SCOPE

The primary areas of focus for the Export Controls audit were:

- Compliance with Export Control Laws
- Foreign Influence
- Organizational Structure
- International Travel
- Education and Training
- Shipping and Equipment Transfer
- Grant Execution
- Distance Education

The objective of our analysis was to examine each of these areas for:

- Strength of controls for appropriate risk mitigation of university activities
- Compliance with federal agency export control laws and regulations
- Appropriate organizational resources dedicated to support export controls
- Adequacy of knowledge and awareness of export controls

Information relevant to this audit was obtained through:

- Interviewing export controls and other university personnel
- Reviewing laws, regulations, and other guidance from federal agencies
- Reviewing UH policies and procedures
- Reviewing other public Tier 1 research university websites

- Reviewing research grant documentation maintained at the University
- Data obtained from PeopleSoft Finance and Campus Solutions queries

Issue 1 – Organizational Structure

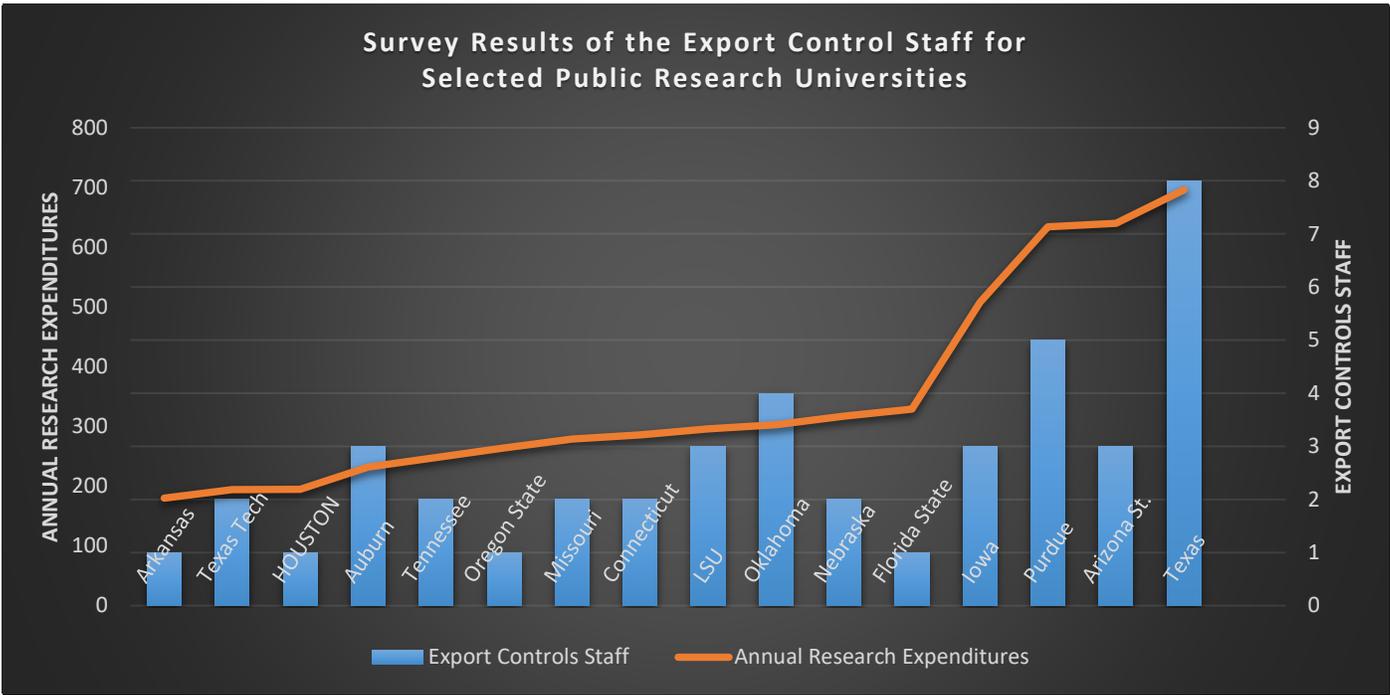
Objective: To determine if the organizational structure of staff in DoR is adequate to perform all responsibilities related to export controls.

Criteria: Best practices suggest that a university performing research activity on behalf of federal agencies have sufficient resources dedicated to ensuring that processes and controls related to export controls are in place and are properly monitored.

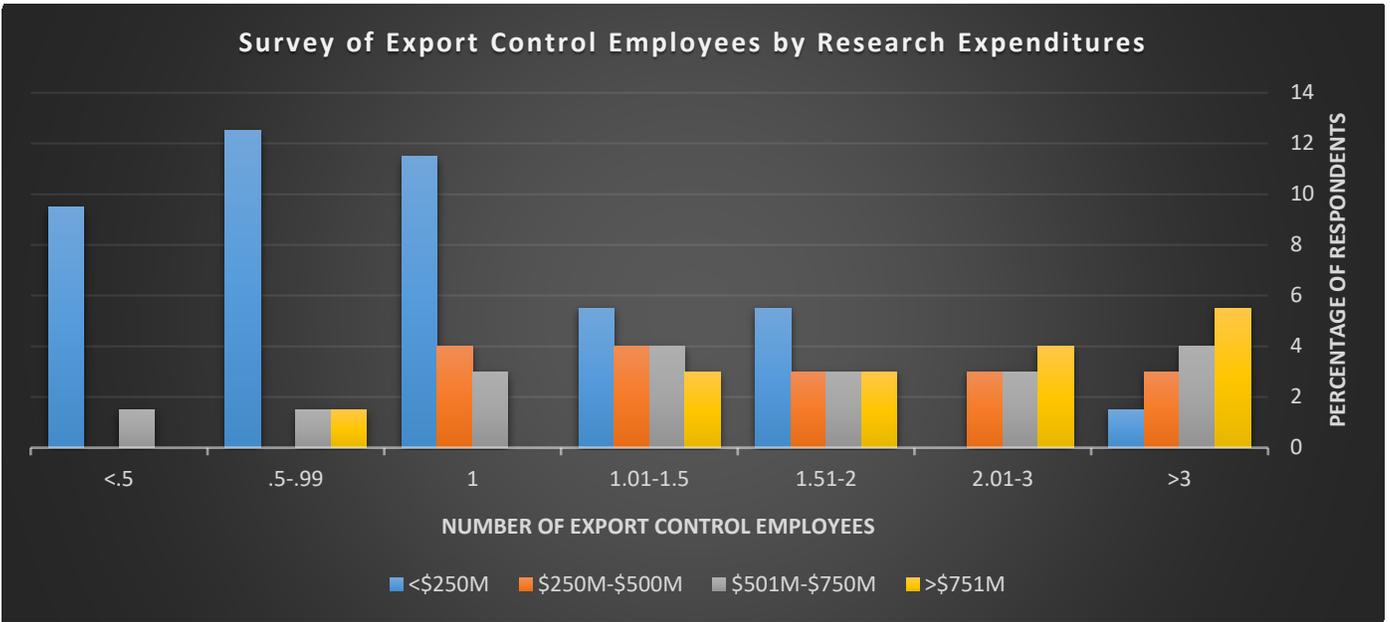
Risk: If the University does not allocate resources to ensure an appropriate organizational structure that can establish, update, and monitor processes and controls related to export controls, the University is at risk of violations. Violations can result in fines, penalties, and loss of research reputation.

Observation: Through our discussion with management, we determined that UH has one employee performing all export control responsibilities in addition to other research tasks assigned to them. During the planning phase of the audit, we reviewed a report of a study conducted by the Government Accountability Office (GAO) released in May 2020 which noted that expectations of compliance with laws and regulations are increasing, putting greater strain on universities to adhere. Annual research expenditures at UH have grown from approximately \$96 million in FY 2010 to \$160 million in FY 2020 without any additional staffing resources dedicated to monitoring export controls. Additionally, UH’s “50-in-5” program strives for an expansion in research expenditures from \$195 million in FY 2019 to approximately \$270 million in FY 2024.

We conducted a survey of 15 public Tier 1 research universities with annual research expenditures ranging from approximately \$180 million to \$700 million, with an emphasis on universities with \$200 million to \$300 million in research expenditures, according to a 2019 National Science Foundation research expenditure report. For the selected universities, we obtained the number of Division of Research employees that perform export control tasks on a regular basis and compared the numbers to the organizational structure at UH. A graph of the survey is attached below.



In addition, we obtained a graph of the results from a survey conducted by the Association of University Export Control Officers (AUECO) in March 2020. The AUECO is an association of 231 institutions in the U.S. focused on sharing information and best practices related to export Controls. The graph below illustrates the FTE dedicated toward export controls for institutions with varying ranges of annual research expenditures.



The results of the surveys indicated that UH is currently allocating fewer resources to its export controls compliance area than most other universities included in the survey, based on similar research expenditures. The

employee performing export controls tasks is also responsible for reviewing a portion of grant contracts for DoR, while most other universities have dedicated staff for export controls responsibilities.

Conclusion: There is an opportunity for UH to evaluate its organizational structure and resources dedicated to establishing, enhancing, and monitoring policies, procedures, and research activity subject to export controls and related requirements as UH strives toward its goal to expand its research expenditures from \$195 million in FY 2019 to approximately \$270 million in FY 2024 in accordance with its “50-in-5” program.

Issue 2 – Awareness and Education

Objective: To determine if UH has developed an adequate education plan to train faculty researchers on export controls laws and regulations and if management and faculty maintain an appropriate awareness when conducting research and sharing results with the international scientific community.

Criteria: Best business practices suggest that faculty researchers must be knowledgeable of compliance expectations and aware of when they need to consult with DoR for additional guidance.

Risk: Inadequately trained faculty and staff are prone to unknowingly commit violations which exposes the university and faculty researcher to fines and penalties and may result in loss of research funding, loss of research data, and a damaged reputation.

Observation: The DoR website contains a comprehensive arrangement of export controls information, guidance, and Frequently Asked Questions on its Compliance page. There are a number of links that take the website visitor to additional links that are relevant to faculty researchers, however, the website is difficult to navigate because the links do not stand out on the webpage and require the visitor to click multiple links before finding certain information.

For international travel to embargoed countries, DoR informs the faculty researchers that they are required to complete an education course offered by the Collaborative Institutional Training Initiative (CITI Program) operated by the University of Miami, which provides web-based training on a number of research topics including research ethics and export controls compliance. Although the export controls compliance office issues an email providing guidance to each international traveler and requires the completion of the CITI training, the traveler can still proceed with the trip without successfully completing the training, there are no consequences for incomplete training, and university funds can still be used to cover the cost of the trip.

UH does not offer any other online or in-person training program and does not provide references to external training materials such as FBI videos or courses offered by the governmental agencies regulating export controls.

We requested the training records for five employees that traveled internationally that were required to complete the CITI export control training modules. Two employees who traveled to Iran in 2016 did not complete the required training.

We reviewed the websites of 15 peer institutions (some of which were included in the annual research expenditure and employee survey above) to obtain information on their training programs, determine whether training was mandatory or optional, and the frequency of training needed to be completed. The results of our review are contained in the chart below.

Institution of Higher Education	University Developed Online or In-Person Training Program	CITI Training Program	Mandatory	Frequency of Completion
Arizona State University	X			As Needed
Auburn University		X		As Needed
Georgia Institute of Technology	X		X	Annual
Purdue University	X	X		As Needed
Texas A&M University	X		X	Every 2 Years
Texas Tech University		X		As Needed
University of Arizona	X		X	Every 2 Years
University of Arkansas	X			As Needed
University of California - Berkeley		X		As Needed
University of Colorado	X		X	Upon Employment
UNIVERSITY OF HOUSTON		X		As Needed
University of Iowa	X			As Needed
University of Minnesota		X	X	Prior to Research
University of Nebraska	X	X	X	Prior to Research
University of Texas	X			As Needed

Conclusion: There is an opportunity for UH to improve management and faculty awareness of export controls laws, regulations, risks and best practices through expanding and enhancing its export controls and other training program requirements related to export controls, foreign influence and research data protection. Additionally, there are opportunities for UH to evaluate the structure and design of the export controls webpage to make it easier to navigate and locate information.

Issue 3 – Policies and Procedures

Objective: To determine if UH has policies and procedures in place that are consistent with Federal Government laws and regulations and provide adequate controls and oversight to identify and monitor research activities with export control requirements, possible foreign influence, visiting scholars, and protection of research data..

Criteria: Regulations established by the Federal Government protect U.S. security and research interests through restricting certain items and information from being exported to certain foreign countries. In addition, best practices call for restricting the sharing of information with sanctioned countries and individuals associated with the government of those countries.

Risk: If UH does not operate according to export controls policies and procedures that are consistent with laws and regulations, it is at risk of violations possibly resulting in penalties and fines, loss of research funding, damaged reputation, and loss of research data.

Observation: UH has limited policies and procedures related to foreign influence, visiting scholars, or protection of research data from foreign influence.

Projects Requiring Export Control Compliance:

Research grants solicited and awarded at UH fall under the fundamental research definition and do not contain specific language requiring those grant contracts to comply with specific aspects of export control requirements. Thus, EAR and ITAR do not apply specifically to grant contracts awarded to UH. The University is still required to comply with EAR and ITAR regarding aspects, such as restricting work being performed outside the U.S., shipping certain items outside of the U.S., encryption software, participation/access of certain foreign individuals, etc.

UH has no current research projects that specifically require export control compliance nor does UH have the facilities to properly comply with regulations should a research project be undertaken requiring specific export control compliance.

Foreign Influence:

Foreign influence in research has become increasingly problematic and U.S. government sponsors have expressed recent concerns regarding the risk of foreign influence on research conducted within the U.S. and creating methods to mitigate some of the risks faced by academic research institutions.

UH currently relies upon trust-based controls for identification of issues surrounding foreign influence. DoR relies upon faculty researchers and/or staff to contact the DoR regarding issues that may arise from the various forms of foreign influence, such as foreign visitors to campus, international travel, international shipping, and foreign talent recruitment programs. DoR can provide guidance issued by the Department of Energy, National Science Foundation, or other relevant sources to faculty researchers, as requested.

DoR is reliant upon faculty researchers to receive notification of visitors. UH currently provides information on their website related to foreign influence and/or visiting scholars but has limited written policies related to such topics. Because notification of visitors doesn't generally occur, UH has no way to monitor the locations visited or the information shared by the faculty host with the visitor. Once on campus, the visitor may have access to the locations and/or information that the faculty member allows them to have access to.

For international travel, MAPP's 04.02.01 A&B (Travel Paid from State Appropriated and Local Funds) require a completed Export Controls and Travel Embargo Form be attached to the Concur Travel Request and routed to the Office of the Provost for review and approval. However, DoR relies upon the traveler and/or the Provost to email the Travel Request for review by DoR (see International Travel observation below).

For international shipping, the Delivery Services Department requires a completed UH Department Mail Card for all shipping requests. DoR is neither involved in the review of any international shipments, nor are shipping risks and/or best practices communicated to faculty or staff through policies or educational platforms.

In order to recruit graduate students to assist faculty researchers in conducting research, U.S. universities frequently use foreign talent recruitment programs. U.S. government agencies rely upon each university to ensure that its own faculty researchers are not in contact with restricted foreign talent recruitment programs. The agencies expect faculty researchers to provide full disclosure on any programs they have been or are affiliated with. Associating with certain foreign talent recruitment programs can result in a university being ineligible for certain research grants.

Conclusion: There is an opportunity to strengthen policies and procedures related to international travel, foreign influence, protection of research data, and association with foreign talent recruitment programs. In addition, there is an opportunity to establish a visiting scholar policy to help ensure UH properly screen and monitor foreign nationals prior to arrival on campus.

Issue 4 – International Shipping Requests

Objective: To determine if UH has policies and procedures in place to effectively monitor outbound shipments to international destinations and exports of information from university laptops during international travel.

Criteria: Compliance with export controls laws and regulations requires a combined effort from the export controls compliance offices at UH and faculty researchers. These laws and regulations control equipment and information exported by a university. Best practices have identified risks associated with monitoring outbound shipments and taking university-issued laptops that contain research data on international trips.

Risk: The ability to ship information to restricted persons or countries, and take research on international trips, places the university is at risk of having information illegally obtained or incurring export control violations. Violations can result in fines, penalties, loss of research funding, and loss of research reputation.

Observation: Although UH Mail Services reviews international shipping request documentation submitted by UH faculty and staff, the review is limited to ensuring that a completed Department Mail Code (DMC) form is attached, valid addresses are provided, and the equipment being shipped is accurately stated on the shipping request. DoR provides guidance on their website related to export controls and when equipment and information can or cannot be exported; however, there is no widespread awareness and education program to ensure faculty researchers are aware of all aspects of export control requirements. In addition, there is no control in place to monitor or ensure that export control requirements are followed with regards to international shipments made by faculty researchers other than the trust based control of self-reporting. The UH export controls compliance officer does not monitor any outbound shipments to international destinations.

Conclusion: There are opportunities to establish policies that limit the potential sharing of information with restricted persons and enhance the monitoring of shipments to international destinations or sanctioned countries.

Issue 5 – International Travel

Objective: To determine if adequate review of international travel is occurring prior to a trip and if UH has policies and procedures in place to effectively monitor export of information from university-issued laptops, personal laptops, or other portable devices during international travel to sanctioned locations.

Criteria: Best practices suggest that adequately reviewing international travel requests prior to the trip can help a university avoid export controls violations when a faculty researcher traveling internationally shares information

with individuals from sanctioned countries. Additionally, best practices provide guidance on how to avoid theft of computer and research equipment or having a computer illegally accessed during international travel.

Risk: Faculty researchers sharing information with individuals from sanctioned countries, or researchers that maintain information on a personal laptop, their primary university-issued laptop, or portable storage devices on international trips expose the university to risks of having information illegally accessed. Both instances can result in export controls violations, loss of research data, loss of research funding, and damaged reputation.

Observation: UH utilizes an Export Controls and Travel Embargo Form that must be completed by the traveler and attached to a Concur Travel Request submitted electronically through the Concur Travel Management System. The Export Controls and Travel Embargo Form has a signature line for DoR, and MAPP 04.02.01, states all employees who travel to destinations outside the United States must complete the Export Controls and Travel Embargo Form and receive approval from the Office of Contracts and Grants, if required, before leaving on the trip. However, the form and other guidance from the DoR website and policies are unclear as to when DoR approval is required. For international trips, DoR reviews the travel itinerary, conference meeting schedule, or other relevant information regarding the purpose of the trip provided by the traveler.

However, DoR is not included in the regular electronic routing sequence of a Concur Travel Request, so the process for review and approval is a trust based manual control process that relies upon travelers and/or departments to identify the required approvals and route the Export Controls and Travel Embargo Form via email to obtain the necessary approvals.

In addition, the Export Controls and Travel Embargo Form contains questions that would assist DoR in determining if the travel may involve information, equipment, etc., that may be subject to export control laws. However, because faculty researchers have not received appropriate training regarding export controls and travelling internationally, a faculty researcher may not have the specific knowledge necessary to answer all of the questions on the Export Controls and Travel Embargo form, such as whether or not restricted equipment, materials, software, or technical data will be transported or distributed internationally.

If DoR reviews a Travel Request and sees that the destination is either a sanctioned country or a high risk location, the Research Contracts Officer with export control responsibilities provides the traveler with an email containing information such as best business practices during international travel and a link to U.S. Department of State Travel Warnings, Alerts, & Visa Services, by which a traveler can access travel advisory information for specific areas of travel.

System Administrative Memorandum (SAM) 07.A.08 – Data Classification and Protection, identifies research data necessary to substantiate research results or to satisfy grant-funding requirements, regardless of whether such data was developed by the university or obtained from third parties as Level 1 Data. UH does not have a control structure in place to monitor and ensure compliance with SAM 07.A.08, especially regarding faculty researchers travelling internationally. The University does not have a “clean laptop” loaner program which would allow a traveler to check out a “clean laptop” for any international trips. Although DoR has recently added language to its website encouraging faculty researchers to take a “clean laptop” for foreign travel, currently, all university travelers to international destinations are permitted to take their university-issued laptop with them, which may contain information potentially subject to export controls. UH relies on a trust-based control that the faculty researcher will not expose research data to faculty from sanctioned countries during international travel.

Conclusion: There is an opportunity to enhance and automate controls for data security and protection of research information related to possible export control related information and/or foreign influence.

Overall Management Response

Management will create the International Engagement Task Force to develop policies and procedures related to export controls and evaluating best practices for implementation at UH. The policies and procedures will address the following topics:

- Monitoring faculty research activity for compliance with export controls policies and procedures
- Ensuring potential risks related to foreign influence are identified and reported to DoR
- Ensuring that education and awareness training are completed by faculty researchers
- Ensuring that any changes to export controls regulations are properly communicated to research faculty and that new or revised policies and procedures are successfully implemented

As noted in the Task column of the Action Plan, once the policies and procedures are developed, the Task Force will assist management in creating an effective implementation and communication plan.

Recommendations

All five issues mentioned in this report reflect moderate to significant control weaknesses related to Export Control policies, procedures, and processes. The continued growth of research activity and expenditures at UH will increase the risk exposure and relevance in the future. UH currently has limited policies and procedures and relies upon trust based controls. Future expected growth discussed in UH's Strategic Plan "Together, We Rise. Together, We Soar." includes the goal of becoming a Top 50 public university. This goal will require the university to implement a robust system of controls and monitoring procedures to ensure future compliance with governmental agency laws and regulations and risk mitigation. The Department of Internal Auditing recommends the following:

1. Management should evaluate the organizational structure dedicated to managing the export controls process to ensure that proper oversight can occur.
2. Management should enhance its awareness and education program related to export controls, foreign influence, international travel, visiting scholars, and research data security. The awareness program should include, at a minimum, knowledge related to a general overview of export controls laws and regulations, allowable exclusions, penalties for non-compliance, foreign influence or research data security, and how these impact research conducted at UH. The education plan should include, at a minimum, an evaluation of training needs as well as who should be required to take the training and how compliance should be monitored.
3. Management should enhance policies and procedures for export controls, foreign influence, visiting scholars, foreign talent recruitment, research data security, monitoring international travel and shipments from UH, and required training related to the above referenced topics. These policies should define, at a minimum, export control and compliance requirements; UH's position on grant contracts with export control language; notification and/or approvals for visiting scholars; protection of research data, etc.; reviews, approvals, and monitoring of international travel; and reviews, approvals and monitoring of international shipping.
4. Procedures related to export controls, international shipments, international travel, training, visiting scholars, etc. such as reviews, approvals, monitoring, etc. should be automated, as appropriate.
5. Management should reevaluate the control structure for international shipping requests and institute a process that requires DoR approval prior to shipping.
6. Management should implement a control structure to ensure compliance with System Administrative Memorandum 07.A.08 – Data Classification and Protection. This must include, but not be limited to, elements such as training to staff and faculty regarding the requirements of SAM 07.A.08, review of laptops prior to travelling internationally, and/or a "clean laptop" loaner program.

* * * * *

The UHS Department of Internal Auditing would like to thank the UH Division of Research for its cooperation and assistance during this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with a large initial "P" and "H".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

PWH/pwh/AP Audit

Participating Auditors: Brandee O'Neal and Jeff Collier

Action Item Number	Audit Area	University	Recommendation Summary	Task	Responsible Person	Targeted Date	Status			
1	Organizational Structure, Policies and Procedures, Awareness and Education	UH	1. Management should evaluate the organizational structure dedicated to managing the export controls process to ensure that proper oversight can occur.	Management will assemble an International Engagement Task Force with individuals from the Provost Office, Division of Research, IAD, General Counsel, and Compliance to address the topics identified in the recommendations.	Sr. VP for Academic Affairs and Provost	10/31/2021	Action Complete			
			2. Management should enhance its awareness and education program related to export controls, foreign influence, international travel, visiting scholars, and research data security. The awareness program should include, at a minimum, knowledge related to a general overview of export controls laws and regulations, allowable exclusions, penalties for non-compliance, foreign influence or research data security, and how these impact research conducted at UH. The education plan should include, at a minimum, an evaluation of training needs as well as who should be required to take the training and how compliance should be monitored.							
			3. Management should enhance policies and procedures for export controls, foreign influence, visiting scholars, foreign talent recruitment, research data security, monitoring international travel and shipments from UH, and required training related to the above referenced topics. These policies should define, at a minimum, export control and compliance requirements; UH's position on grant contracts with export control language; notification and/or approvals for visiting scholars; protection of research data, etc.; reviews, approvals, and monitoring of international travel; and reviews, approvals and monitoring of international shipping.					The International Engagement Task Force will evaluate the organizational structure of resources dedicated to monitoring faculty research activity, develop policies and procedures, and create an awareness and education plan for faculty researchers regarding compliance with export controls regulations.	International Engagement Task Force Chair (Sr. VP for Academic Affairs and Provost)	5/31/2022
			4. Procedures related to export controls, international shipments, international travel, training, visiting scholars, etc. such as reviews, approvals, monitoring, etc. should be automated, as appropriate.					The International Engagement Task Force will develop a communication and implementation plan to ensure the new procedures regarding international research activities and compliance with export control regulations are effectively implemented.	Sr. VP for Academic Affairs and Provost	8/31/2022
			5. Management should reevaluate the control structure for international shipping requests and institute a process that requires DoR approval prior to shipping.					Management will be responsible for full implementation of the Task Force's recommendations.	VP for Research and Technology Transfer	
			6. Management should implement a control structure to ensure compliance with System Administrative Memorandum 07.A.08 – Data Classification and Protection. This must include, but not be limited to, elements such as training to staff and faculty regarding the requirements of SAM 07.A.08, review of laptops prior to travelling internationally, and/or a “clean laptop” loaner program.							



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

The University of Houston System Compliance with Education Code 51.9337
AR2022-09

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

**UNIVERSITY OF HOUSTON SYSTEM
COMPLIANCE WITH TEXAS EDUCATION CODE §51.9337**

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EXECUTIVE SUMMARY

Overview and Scope Summary

Texas Education Code §51.9337 requires the chief auditor of an institution of higher education to annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor. This code requires the System to establish policies and procedures for:

- Code of ethics
- Code of conduct
- Conflict of interest
- Investigations
- Purchasing requirements and guidelines
- Contracting requirements and guidelines
- Standards for conducting audits

Observations and Overall Audit Opinion:

During audit, the Internal Auditing Department evaluated University of Houston System policies to determine if required policies and procedures had been established to ensure compliance with Texas Education Code §51.9337. We found the University of Houston System has established policies and procedures to comply with Texas Education Code §51.9337. Please see the Compliance Exhibit below for specific references related to policies and procedures associated with compliance areas of the code.

ANALYSIS OF COMPLIANCE WITH TEXAS EDUCATION CODE §51.9337

INTRODUCTION

Texas Education Code §51.9337 provides purchasing authority to higher education institutions conditioned upon compliance with the establishment of the standards set forth in the code. The standards in the code focus upon establishing policies and procedures related to a code of ethics, code of conduct, internal investigations, contract and purchasing procedures, guidelines, and training; internal audit standards; conflict of interest, etc.

In addition, Texas Education Code §51.9337 requires the chief auditor of an institution of higher education to annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor.

The Department of Internal Auditing developed an annual audit plan based upon a system-wide risk assessment to identify significant areas of risk facing the System. Also included in the audit plan are legislatively required audits. All the audits on the plan are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors (IIA).

BACKGROUND

Texas Education Code §51.9337 was added with the passing of Senate Bill 20 during the Texas 84th Legislature and became effective September 1, 2015.

OBJECTIVE AND SCOPE

Texas Education Code §51.9337 requires the chief auditor of an institution of higher education to annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor. Policies and procedures must address the following:

- Code of Ethics
- Code of Conduct
- Conflicts of Interest
- Purchasing Requirements and Guidelines
- Contract Requirement and Guidelines
- Audits and Investigations

Information relevant to this audit was obtained through:

- Interviewing university personnel
- Reviewing UHS policies and procedures
- Data obtained from PeopleSoft queries

COMPLIANCE EXHIBIT

On the next page is a Compliance Exhibit representing the requirements of Texas Education Code §51.9337 and the policies and procedures implemented by the University of Houston System in response to the code.

Requirement of Education Code 51.9337

System Policies Implemented

The board of regents of an institution of higher learning by rule shall establish for each institution under the management and control of the board:

(1)	<p>a code of ethics for the institution's officer and employees, including provisions governing officers and employees authorized to execute contracts for the institution or to exercise discretion in awarding contracts, subject to Subsection (c).</p>	<p>Board Policy 57.01 – Code of Ethics System Administrative Memorandum 02.A.29 – Ethical Conduct of Employees</p>
(2)	<p>Policies for the internal investigation of suspected defalcation, misappropriation, and other fiscal irregularities and an institutional or system wide compliance program designed to promote ethical behavior and ensure compliance with all applicable policies, laws, and rules governing higher education, including research and health care to the extent applicable.</p> <p>The board of regents of an institution of higher learning by rule shall establish for each institution under the management and control of the board:</p>	<p>Board Policy 41.01 – Scope of Internal Audit Board Policy 42.01 – Institutional Compliance Board Policy 42.01.1 – System-Wide Compliance Officer System Administrative Memorandum 01.G.01 – Sponsored Research Activities</p>
(3)	<p>a contract management handbook that provides consistent contracting policies and practices and contract review procedures, including a risk analysis procedure, subject to Subsection (d).</p>	<p>Board Policy 55.01.5 - Contract Administration System Administrative Memorandum 03.A.05 - Contract Administration System Administrative Memorandum 03.B.01 - Purchasing UHS Purchasing Guidelines UHS Contract Administration Guide</p>

Requirement of Education Code 51.9337		System Policies Implemented
(4)	contracting delegation guidelines, subject to Subsections (e) and (f).	Board Policy 55.01.02 – Delegation of Authority for Contract Requiring Board Approval
(5)	training for officers and employees authorized to execute contracts for the institution or to exercise discretion in awarding contracts, including training in ethics, selection of appropriate procurement methods, and information resources purchasing technologies.	Board Policy 55.01.5 - Contract Administration System Administrative Memorandum 03.A.05 – Contract Administration UHS Purchasing Guidelines
(6)	Internal audit protocols, subject to Subsection (g).	Board Policy 41.01 – Internal Auditing
The Code of ethics governing an institution of higher education must include:		
(1)	general standards of conduct and a statement that each officer or employee is expected to obey all federal, state, and local laws and is subject to disciplinary action for a violation of those laws.	Board Policy 57.01 – Code of Ethics System Administrative Memorandum 02.A.29 – Ethical Conduct of Employees
(2)	policies governing conflicts of interest, conflicts of commitment, and outside activities, ensuring that the primary responsibility of officers and employees is to accomplish the duties and responsibilities assigned to that position.	Board Policy 57.02 - Consulting and Paid Professional Service Board Policy 57.08 - Conflict of Interest System Administrative Memorandum 02.A.29 – Ethical Conduct of Employees System Administrative Memorandum 02.A.08 – Consulting and Paid Professional Service

Requirement of Education Code 51.9337	System Policies Implemented
<p>(3) a conflict of interest policy that prohibits employees from having a direct or indirect financial or other interest, engaging in a business transaction or professional activity, or incurring any obligation that is in substantial conflict with the proper discharge of the employee's duties related to the public interest.</p>	<p>Board Policy 57.02 - Consulting and Paid Professional Service</p> <p>Board Policy 57.08 - Conflict of Interest</p> <p>System Administrative Memorandum 02.A.29 – Ethical Conduct of Employees</p> <p>System Administrative Memorandum 02.A.08 – Consulting and Paid Professional Service</p>
<p>(4) a conflict of commitment policy that prohibits an employee's activities outside the institution from interfering with the employee's duties and responsibilities to the institution.</p>	<p>Board Policy 57.02 - Consulting and Paid Professional Service</p> <p>Board Policy 57.08 - Conflict of Interest</p> <p>System Administrative Memorandum 02.A.29 – Ethical Conduct of Employees</p> <p>System Administrative Memorandum 02.A.08 – Consulting and Paid Professional Service</p>
<p>(5) a policy governing an officer's or employee's outside activities, including compensated employment and board service, that clearly delineates the nature and amount of permissible outside activities and that includes processes for disclosing the outside activities and for obtaining and documenting institutional approval to perform the activities.</p>	<p>Board Policy 57.02 Consulting and Paid Professional Service</p>

Requirement of Education Code 51.9337		System Policies Implemented
(6)	a policy that prohibits an officer or employee from acting 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.	Board Policy 57.02 Consulting and Paid Professional Service
(7)	a policy governing the use of institutional resources.	Board Policy 57.08 – Conflict of Interest
(8)	a policy providing for the regular training of officers and employees on the policies described by this subsection.	Board Policy 57.01 – Code of Ethics
An institution of higher education shall establish contract review procedures and a contract review checklist that must be reviewed and approved by the institution’s legal counsel before implementation. The review procedures and checklist must include:		
(1)	a description of each step of the procedure that an institution must use to evaluate and process contracts.	Board Policy 55.01.5 – Contract Administration System Administrative Memorandum 03.B.01- Purchasing Guidelines System Administrative Memorandum 03.A.05 – Contract Administration UHS Purchasing Guidelines UHS Contract Administration Guide
(2)	a checklist that describes each process that must be completed before contract execution.	Board Policy 55.01.5 – Contract Administration System Administrative Memorandum 03.A.05 – Contract Administration Contract Management Handbook/Checklist

Requirement of Education Code 51.9337	System Policies Implemented
(3) a value threshold that initiates the required review by the institution’s legal counsel unless the contract is a standard contract previously approved by the counsel.	System Administrative Memorandum 03.A.05 – Contract Administration UHS Purchasing Guidelines UHS Contract Administration Guide

An institution of higher education’s policies governing contracting authority must clearly specify the types and values of contracts that must be approved by the board of regents and the types and values of contracts for which contracting authority is delegated by the board to the chief executive officer and by the chief executive officer to other officers and employees of the institution. An officer or employee may not execute a document for the board unless the officer or employee has authority to act for the board and the authority is exercised in compliance with applicable conditions and restrictions.

Board Policy 55.01.1 - Board Approval
Board Policy 55.01.2 - Delegation of Authority for Contracts Requiring Board Approval
Board Policy 55.01.3 – Delegation of Authority for Contracts not Requiring Board Approval
System Administrative Memorandum 03.A.05 – Contract Administration
UH Contract Administration Guide

Requirement of Education Code 51.9337**System Policies Implemented**

An institution of higher education may not enter into a contract with a value of more than \$1 million, including any amendment, extension, or renewal of the contract that increases the value of the original contract to more than \$1 million, unless the institution's board of regents approves the contract, expressly delegates authority to exceed that amount, or expressly adopts an exception for that contract. The board must approve any amendment, extension, or renewal of a contract with a value that exceeds 25% of the value of the original contract approved by the board unless the authority to exceed the approved amount is expressly delegated by the board or an exception is expressly adopted by the board for that contract.

Board Policy 55.01.1 – Board Approval

System Administrative Memorandum 03.A.05 – Contract Administration

The board of regents of an institution of higher education shall adopt standards for internal audits conducted by the institution to provide a systematic, disciplined approach to evaluate and improve the effectiveness of the institution's risk management, control, and governance processes related to contracts and to require risk-based testing of contract administration. The internal auditor must have full and unrestricted access to all institutional property, personnel, and records. An internal auditor must report directly to the board of regents in accordance with Chapter 2102, Government Code.

Board Policy 41.01 – Internal Auditing

* * * * *

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

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with a large initial "P" and "H".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

PWH/pwh/Texas Education Code §51.9337

Participating Auditors: Brandee O'Neal and Emily Tran

**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 2021

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 2021

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

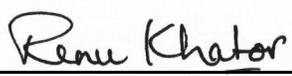
COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

11-12-21

DATE



CHANCELLOR Renu Khator

11/24/2021

DATE



Fiscal Year 2021 Annual Report

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT



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

October 4, 2021

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 2021. This report contains the information presented in the format prescribed by the State Auditor's Office, as required by the Act.

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, appearing to read "Phillip W. Hurd".

Phillip W. Hurd
Chief Audit Executive

Attachments

TABLE OF CONTENTS

- I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Web site
- II. Internal Audit Plan for Fiscal Years 2021
- III. Consulting Services and Non-audit Services Completed
- IV. External Quality Assurance Review (Peer Review)
- V. Internal Audit Plan for Fiscal Years 2022
- VI. External Audit Services Procured in Fiscal Year 2021
- VII. Reporting Suspected Fraud and Abuse

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://uhsystem.edu/internal-audit/>.

II. Internal Audit Plan for Fiscal Year 2021

The beginning of fiscal year 2021 marked the beginning of Mr. Phillip W. Hurd's first full fiscal year with the University of Houston System. While beginning his tenure as Chief Audit Executive at the beginning of a world-wide pandemic, Mr. Hurd prepared a System-wide risk assessment based on industry standard methodology and prepared a risk based audit plan that was reassessed during the year. The internal auditing department began undergoing skills upgrade processes to integrate additional analytic, computer assisted auditing techniques (CAAT), robotic process automation (RPA), and basic artificial intelligence (AI). In addition, a departmental assessment was performed and a departmental reorganization for the University of Houston Internal Auditing Department will take effect fiscal year 2022. The FY 2021 audit plan, intended to be agile in nature, is represented on the next page.

<u>FY20 Carryforward Audits</u>	
Board of Regents Travel & Entertainment, FY 2020	AR2021-02
Chancellor/President's Travel & Entertainment, FY 2020	AR2021-03
<u>FY21 Scheduled Audits</u>	
Annual Procurement Report	BOR 12-03-20
Athletics - Football Attendance Audit	Cancelled
Athletics - NCAA Rules-Compliance	Cancelled
Board of Regents Travel & Entertainment, FY 2021	In progress
Campus-wide Management of Small Electronics	Cancelled
Chancellor/President's Travel & Entertainment, FY 2021	In progress
Compliance with Education Code 51.9337	In progress
Compliance with Federal Sentencing Guidelines	In progress
Conflict of Interest	Moved to FY22
Construction and Other Contracts Requiring Board of Regents Approval	AR2021-01 AR2021-04 AR2021-06 AR2021-08
Construction Auditing	Cancelled
Effort Reporting	Cancelled
Endowment/ Foundation Expense Review	Cancelled
Export Controls	AR2021-07
Grants Management	Moved to FY22
Intellectual Property Oversight and Protection	In progress
Minors on Campus(Camps, Charter School, Other MOC Activities)	Cancelled
Procurement Card Management	In progress
Quality Assurance Reviews - Internal/External	Moved to FY22
Redundant Systems	Cancelled
Research Center Management	Moved to FY22
Research Governance and Process Overview	In progress
State Benefits Proportionality	AR2020-18
Travel Expense	In progress

III. Consulting Services and Non-audit Services Completed

One consulting project was completed during fiscal year 2021. The objective of the project was to attend project meetings to ensure appropriate audit controls were implemented during phase I of the implementation of a new vendor management software. No report was issued.

IV. External Quality Assurance Review (Peer Review)

The University of Houston System's 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. The University of Houston System's next Quality Assessment Review (QAR) is scheduled for early 2022.

V. Internal Audit Plan for Fiscal Year 2022

The internal auditing department obtained input from various resources, including senior leadership, risk owners/stakeholders in various areas, and a completed compliance risk assessment 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). In addition, a departmental assessment was performed and a departmental reorganization for the University of Houston Internal Auditing Department will take effect fiscal year 2022.

Please see Attachment B for the Fiscal Year 2022 Audit Plan.

VI. Internal Audit Services Procured in Fiscal Year 2021

Procured External Audit Services in Fiscal Year 2021	
Audit Area	Services Provided
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-39, the General Appropriations Act (86th Legislature).*
 - *Texas Government Code, Section 321.022, Coordination of Investigations.*
- 1) In accordance with Section 7.09. Fraud Reporting, Page IX-39, the General Appropriations Act (87th 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.

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

Table of Contents

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

Appendices

Appendix I

As we conducted our interviews of the executive management team, we kept note of key words and phrases used to describe the Internal Auditing Department. Below is a word map which captures the major themes and frequency of those words heard during these interviews. Additionally, the word map demonstrates respect and professionalism that the department provides to all campuses.



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

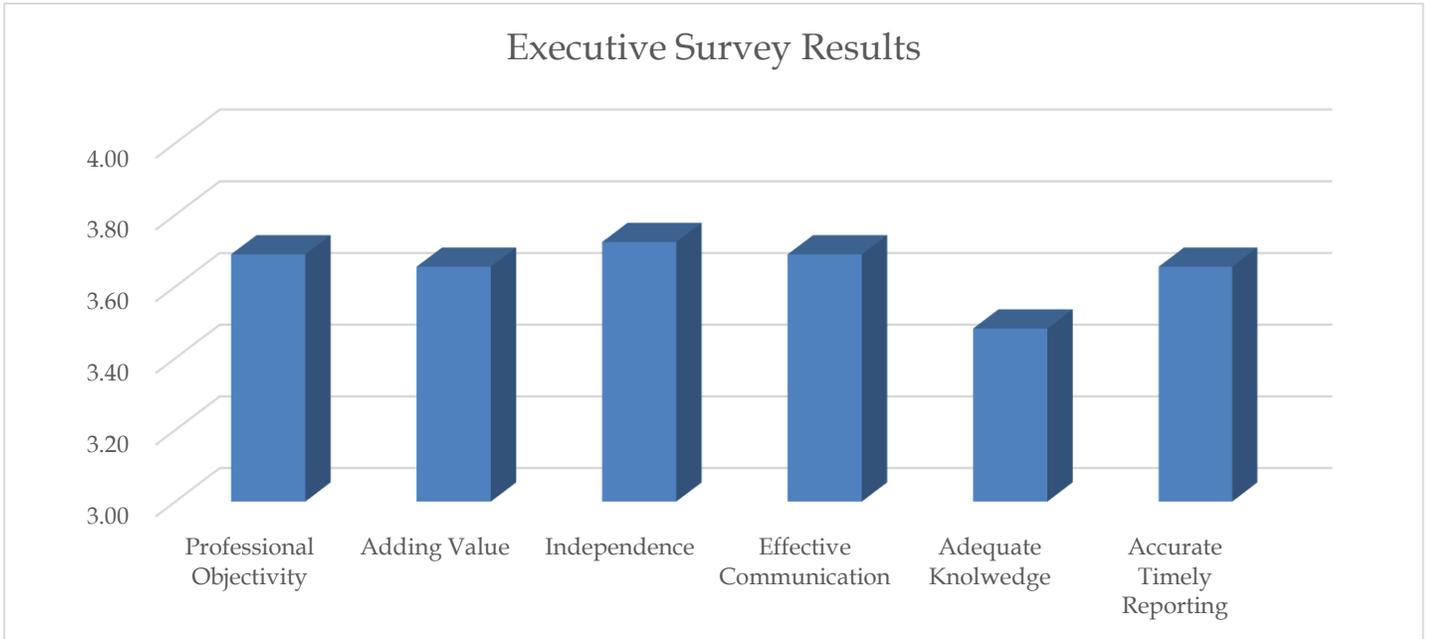
Mr. Don Guyton, Chief Audit Executive
Mr. Russ Hoskens, Executive Director
Mr. Randy Wong, Manager
Mr. Jeff Collier, Senior Auditor
Ms. Dia Mobe, Senior Auditor
Mr. Tony Moreno, Senior Auditor
Ms. Brandee O'Neal, Senior Auditor
Ms. Connie Applebach, Staff Auditor II
Ms. Tamara Davis, Staff Auditor II
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

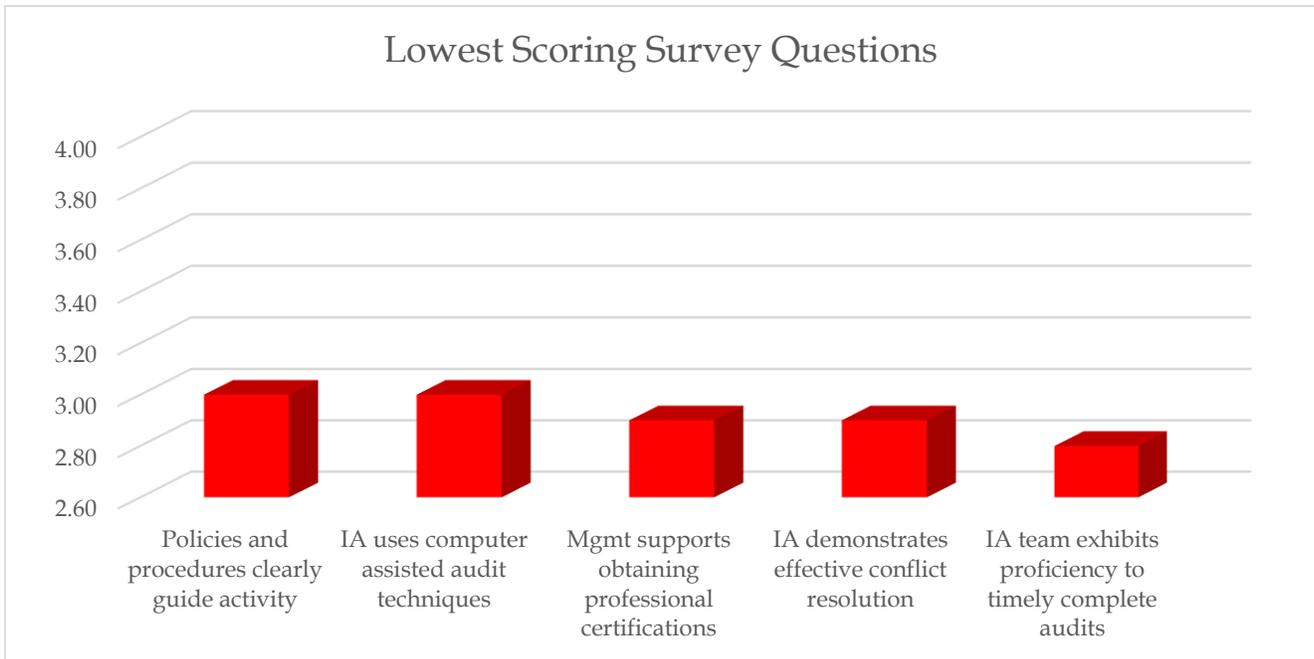
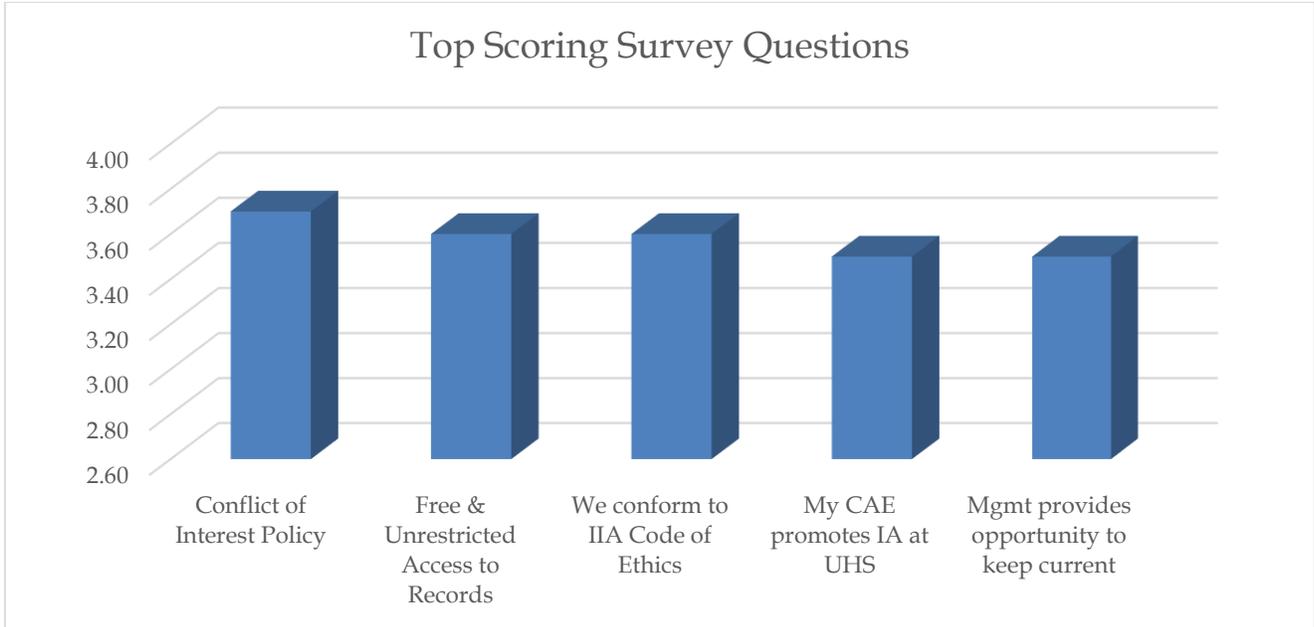


The Executive Survey asked questions related to the professionalism and conduct of the UHS Internal Auditing Program. The scale of the survey was 1 – 4 and all scores averaged from 3.48 to 3.72. Please note that a total of 29 executives responded to the Survey out of the 30+ surveys sent out – an excellent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

Attachment A

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

Annual Internal Audit Plan and Changes to the Internal Audit Department

August 26, 2021

Attachment B

Existing Year Projects that are in Process

No.	TITLE	STATUS <small>(select from drop-down list)</small>	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.

Attachment B

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			

Attachment B

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
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