
AGENDA

UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

DATE: Thursday, February 23, 2023

TIME: 10:30 AM

PLACE: University of Houston Downtown
UHS Science & Technology Building
Fondren Commons, STB 118
315 N. Main Street
Houston, TX 77002

Chair: Jack B. Moore

Vice Chair: Alonzo Cantu

Members: Gregory C. King
John A. McCall, Jr.
Ricky A. Raven
Tilman J. Fertitta, Ex Officio

I. Audit and Compliance Committee

Presenter: Chair Jack Moore

A. Call to Order

Presenter: Chair Jack Moore

B. Approval of Minutes

- November 30, 2022, Audit & Compliance Committee Meeting

Action: Approval

C. Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended January 31, 2023 and Training Statistics for FY 2023 4

Action: Information

Presenter: Susan Koch, System-wide Compliance Officer

D. Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report and Benchmarking, Fiscal Year 2022 13

Action: Information

Presenter: Susan Koch, System-wide Compliance Officer

- E. Report on University of Houston System, Board of Regents' Policies on Internal Audit, Institutional Compliance, and Identity Theft Prevention 20

Action: Approval

Presenter: Phil Hurd, Chief Audit Executive

- F. Report on University of Houston System, External Audit Reports: 28

- UH Athletics Department, Independent Accountants' Report on the Application of Agreed-upon Procedures
- UHS Endowment Fund, Independent Auditor's Report, and Basic Financial Statements
- UH Cancer Prevention Research Institute of Texas Grant Awards, Independent Accountants' Report on Application of Agreed-upon Procedures

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

- G. Report on University of Houston System, Annual Procurement Report, Fiscal Year 2022 101

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

- H. Report on University of Houston System, UHS Financial Statements Certifications, FY 2022 117

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

- I. Report on University of Houston System, Internal Audit Reports 128

Action: Information

Presenter: 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. Deliberations Regarding a Prospective Gift

TEXAS GOV'T CODE SECTION 551.073

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

TEXAS GOV'T CODE SECTION 551.074

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

TEXAS GOV'T CODE SECTION 552.139

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

Presenter: Chair Jack Moore

IV. **Adjourn**

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended January 31, 2023 and Training Statistics for FY 2023

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 Training Statistics for FY 2023 details the percentage of employees completing mandatory compliance training.

SUPPORTING DOCUMENTATION: Institutional Compliance Hotline Report; Training Statistics for FY 2023

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

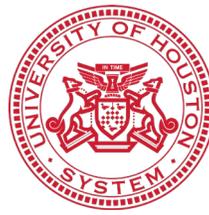
COMPONENT: University of Houston System

		<u>1/26/2023</u>
SYSTEM-WIDE COMPLIANCE OFFICER	Susan Koch	DATE
		<u>2/16/23</u>
CHANCELLOR	Renu Khator	DATE

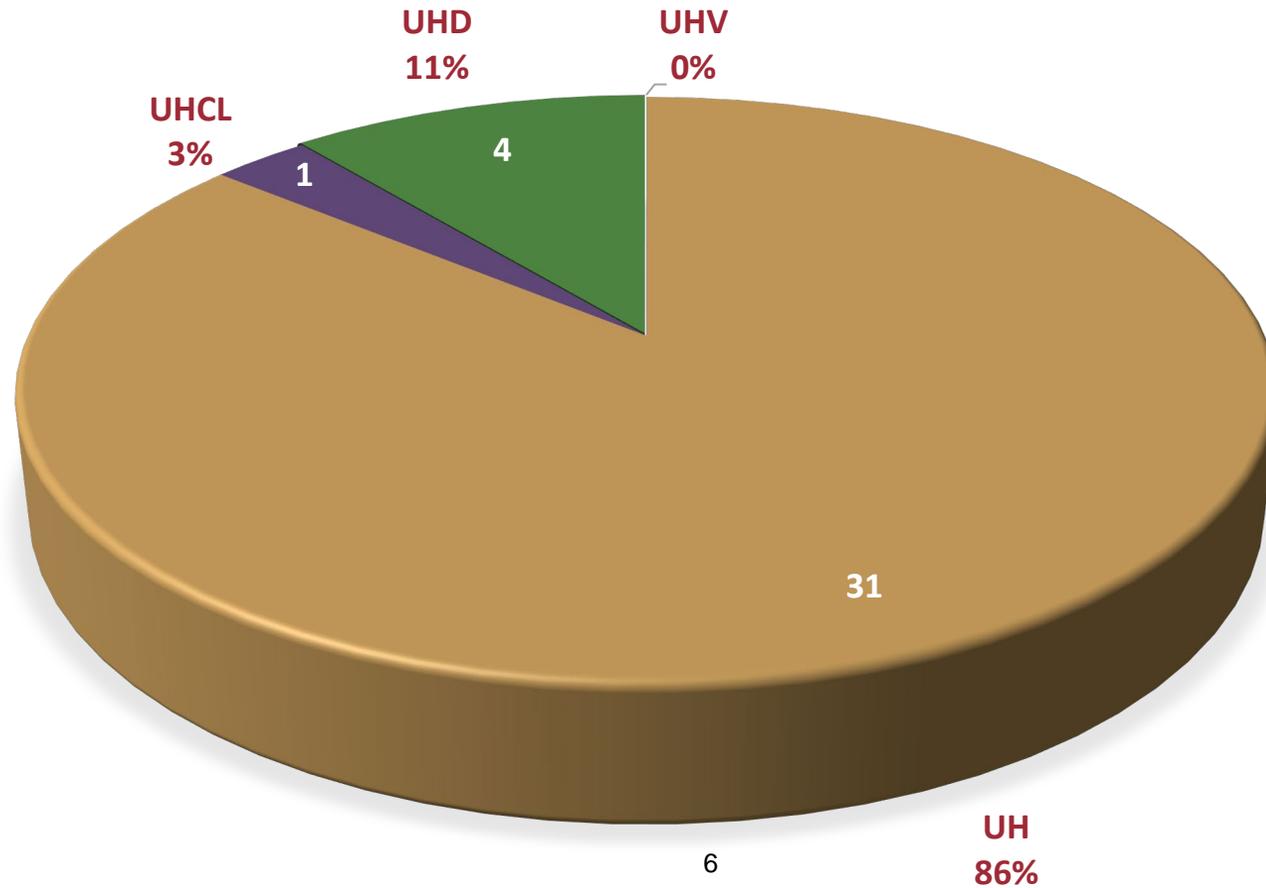


University of Houston System

Institutional Compliance Hotline Report
for the three months ended January 31, 2023 and Training Statistics for FY 2023

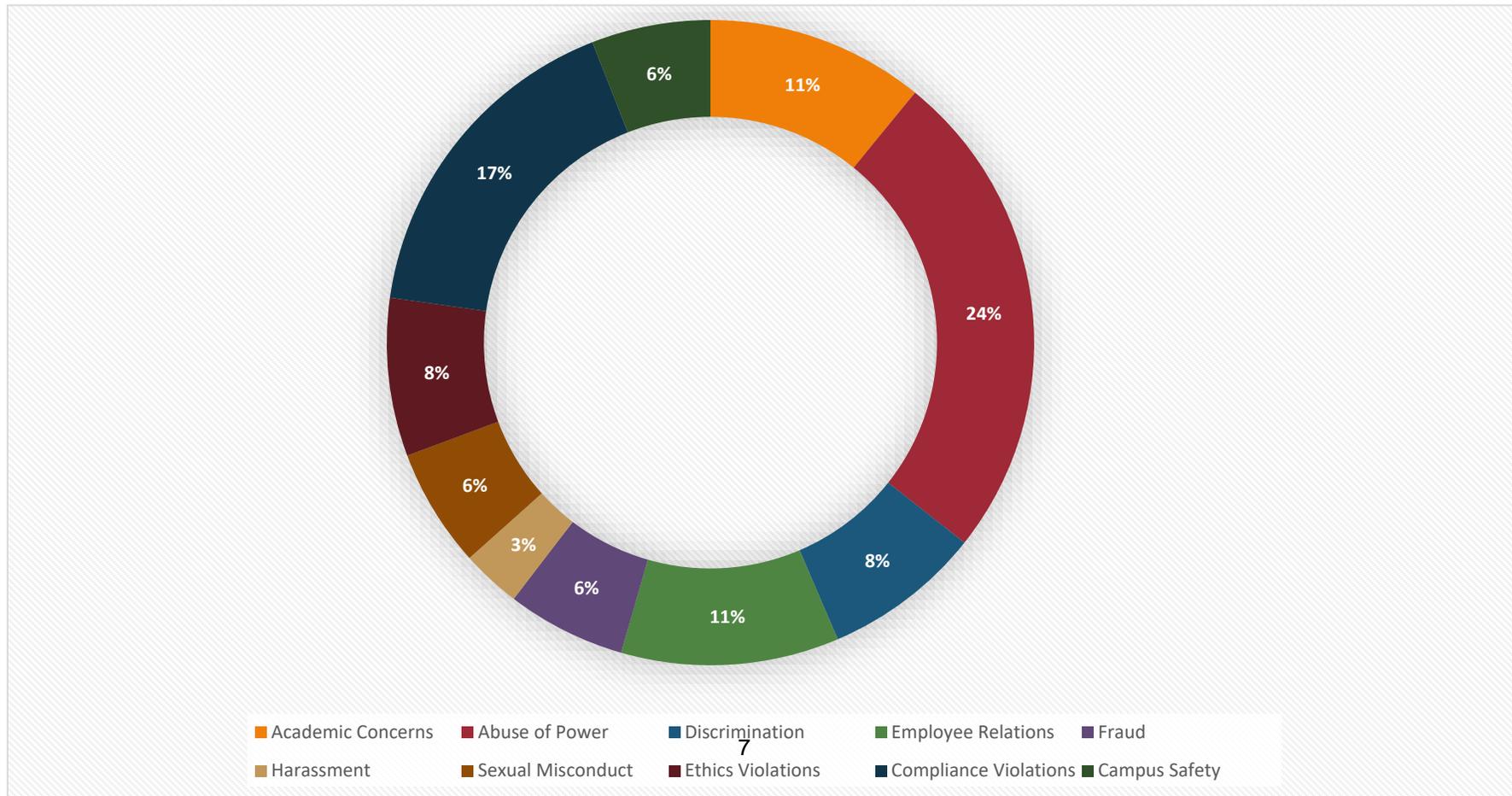


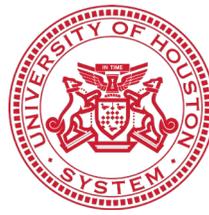
Hotline Reports for all UHS Universities



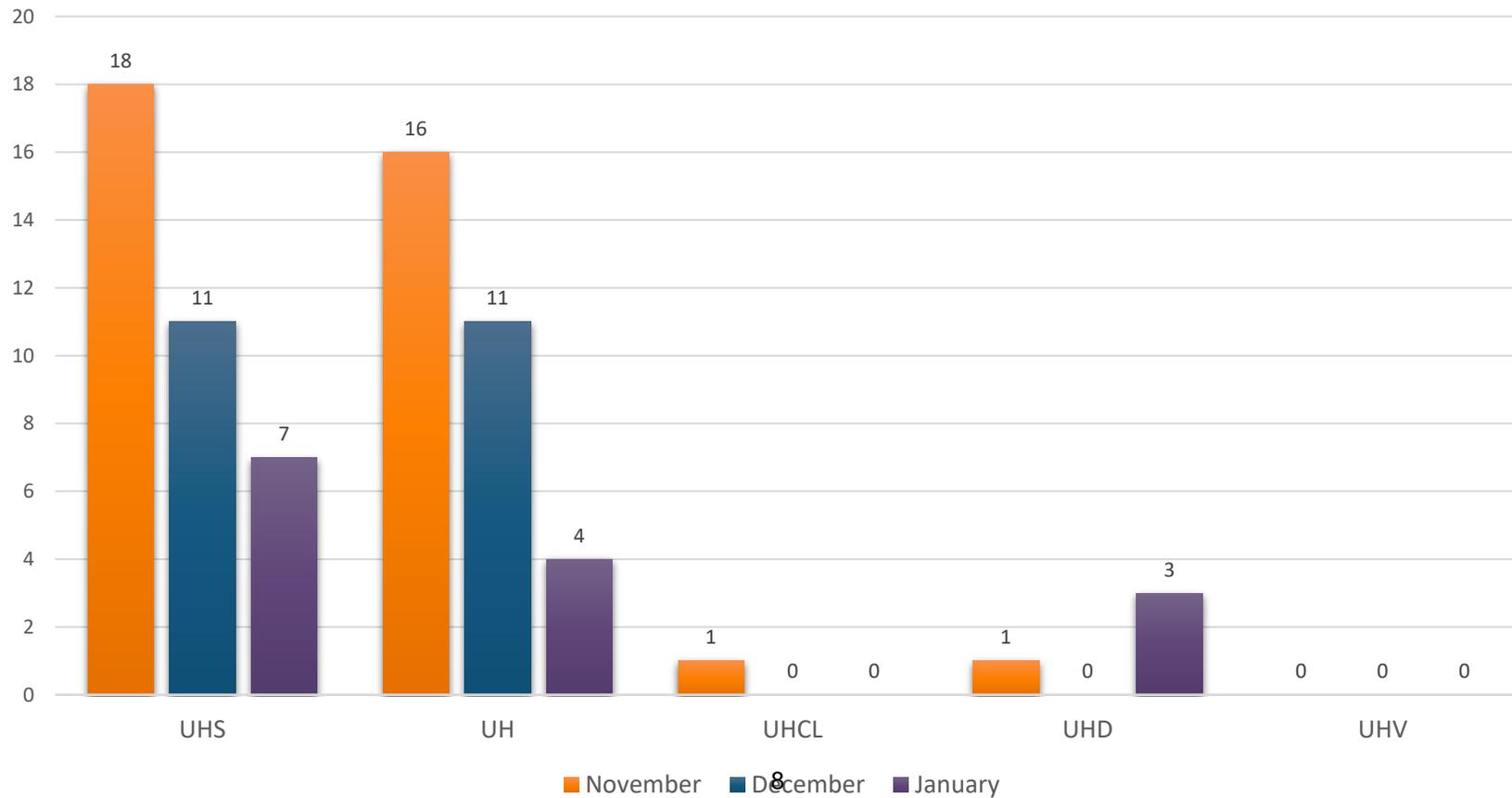


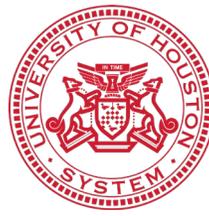
Reported Issues by Type Across UHS



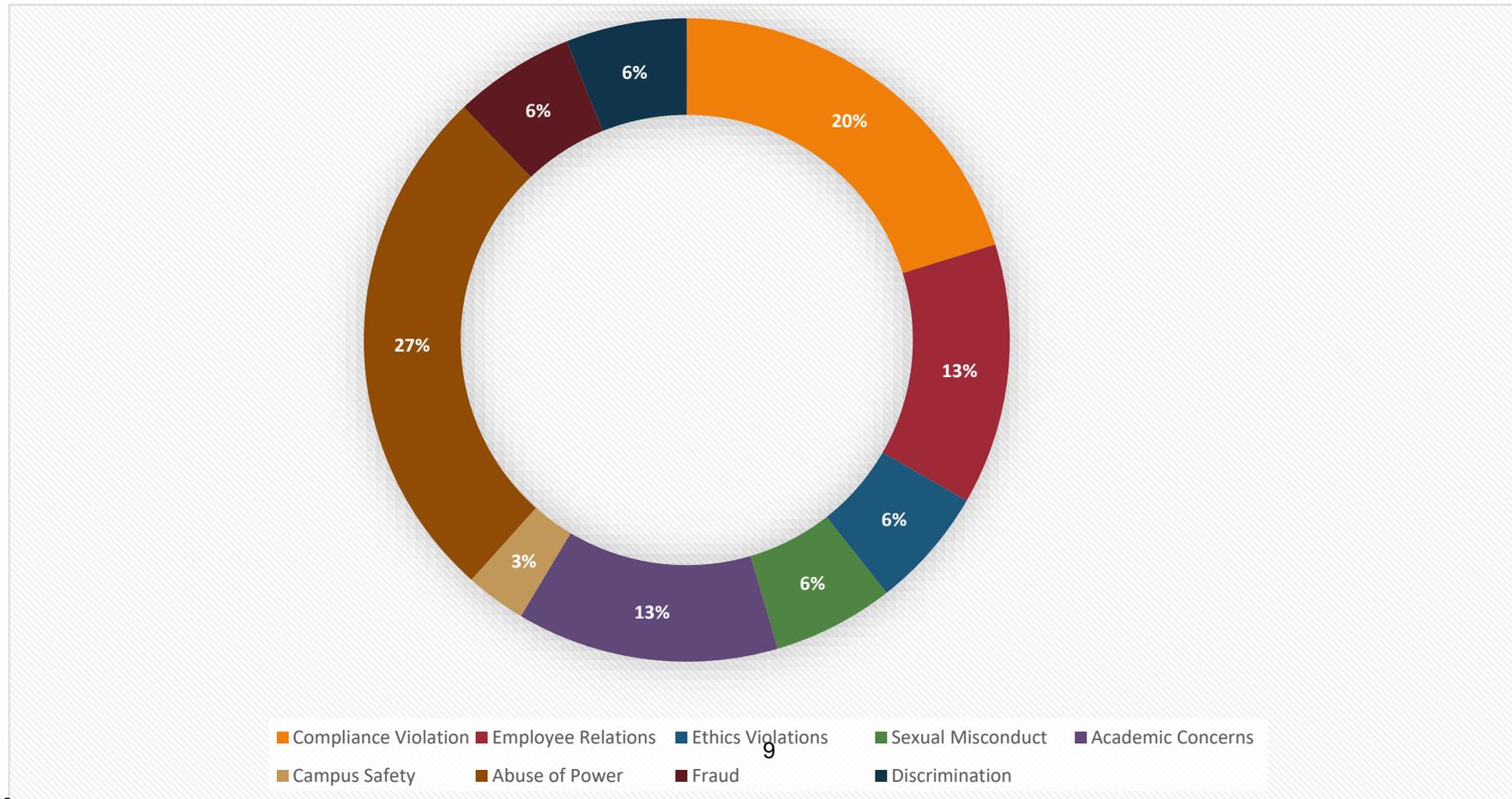


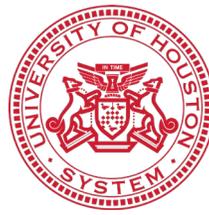
Issues Reported by Month



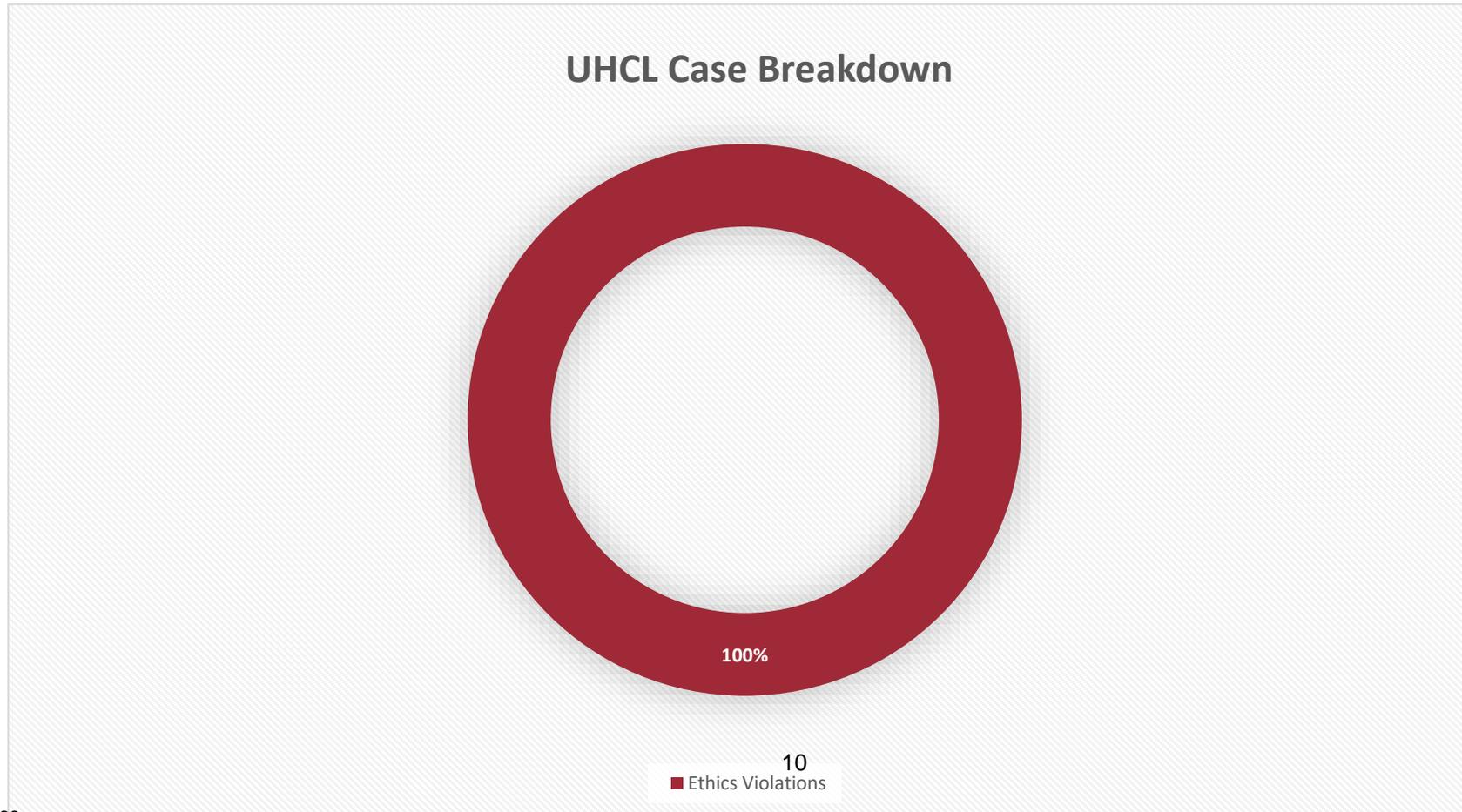


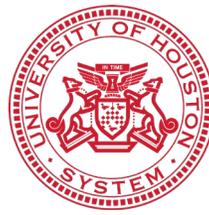
UH Issue Breakdown



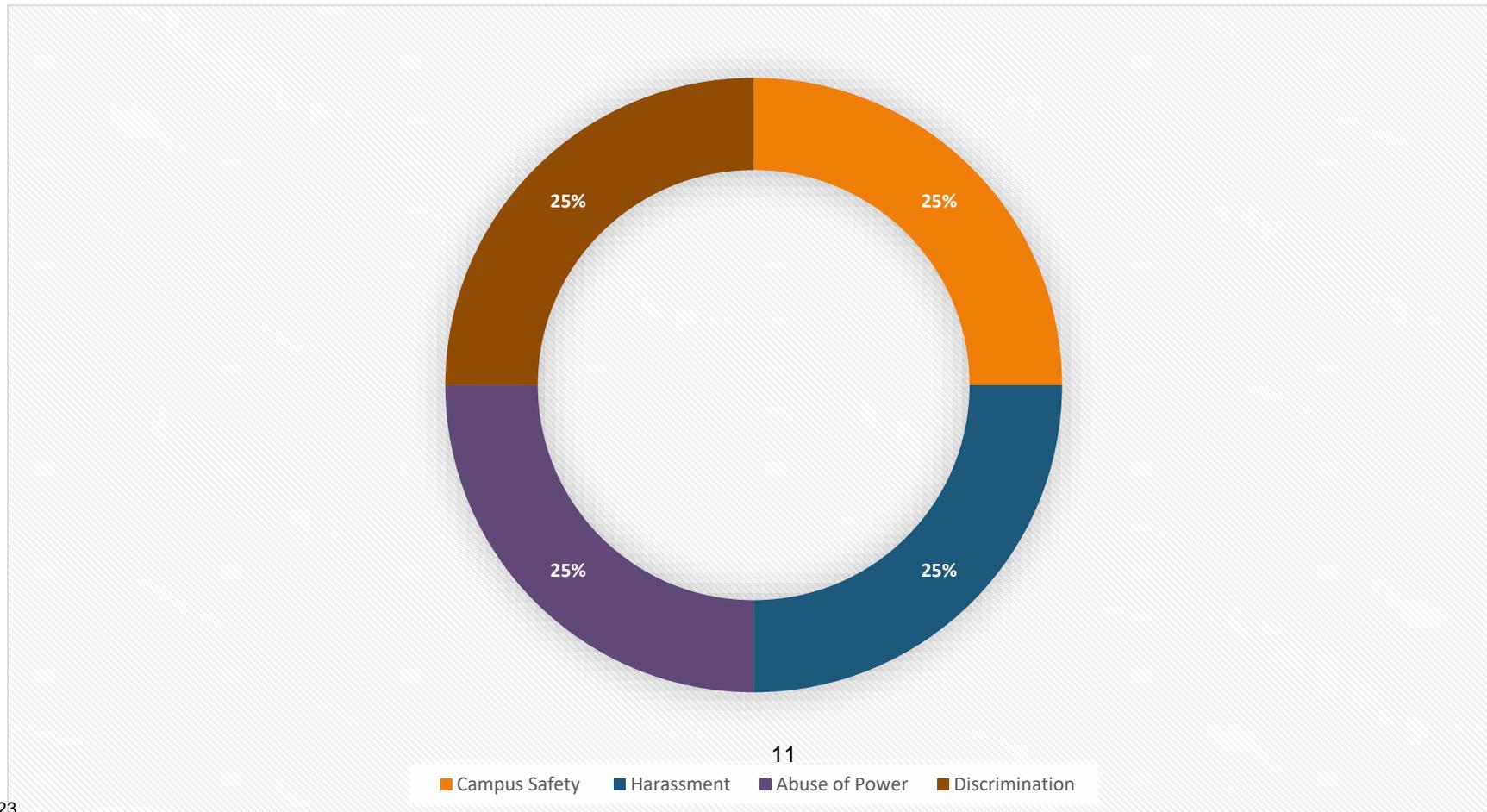


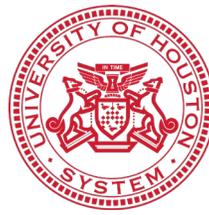
UHCL Issue Breakdown





UHD Issue Breakdown





FY 2023 Training Statistics for Mandatory Compliance Training

University	FY 2022	FY 2023
UH	98%	97%
UHCL	99%	100%
UHD	99%	99%
UHV	99%	100%
UHS TOTAL	98%	97%

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Fraud and Non-Compliance Reports, Summary Report and Benchmarking, Fiscal Year 2022

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The attached report summarizes the fraud and non-compliance hotline reports received for FY 2022, as well as the top three reported hotline issues in the past three fiscal years. This report also details the outcome of hotline reports that were closed during the fiscal year, the composition of hotline reporters, and the number of hotline reports received per 100 employees as compared to benchmarks.

SUPPORTING DOCUMENTATION: Fraud and Non-Compliance Reports, Summary Report, FY 2022

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



SYSTEM-WIDE COMPLIANCE OFFICER

Susan Koch

1/26/2023

DATE



CHANCELLOR

Renu Khator

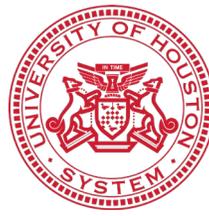
2/16/23

DATE

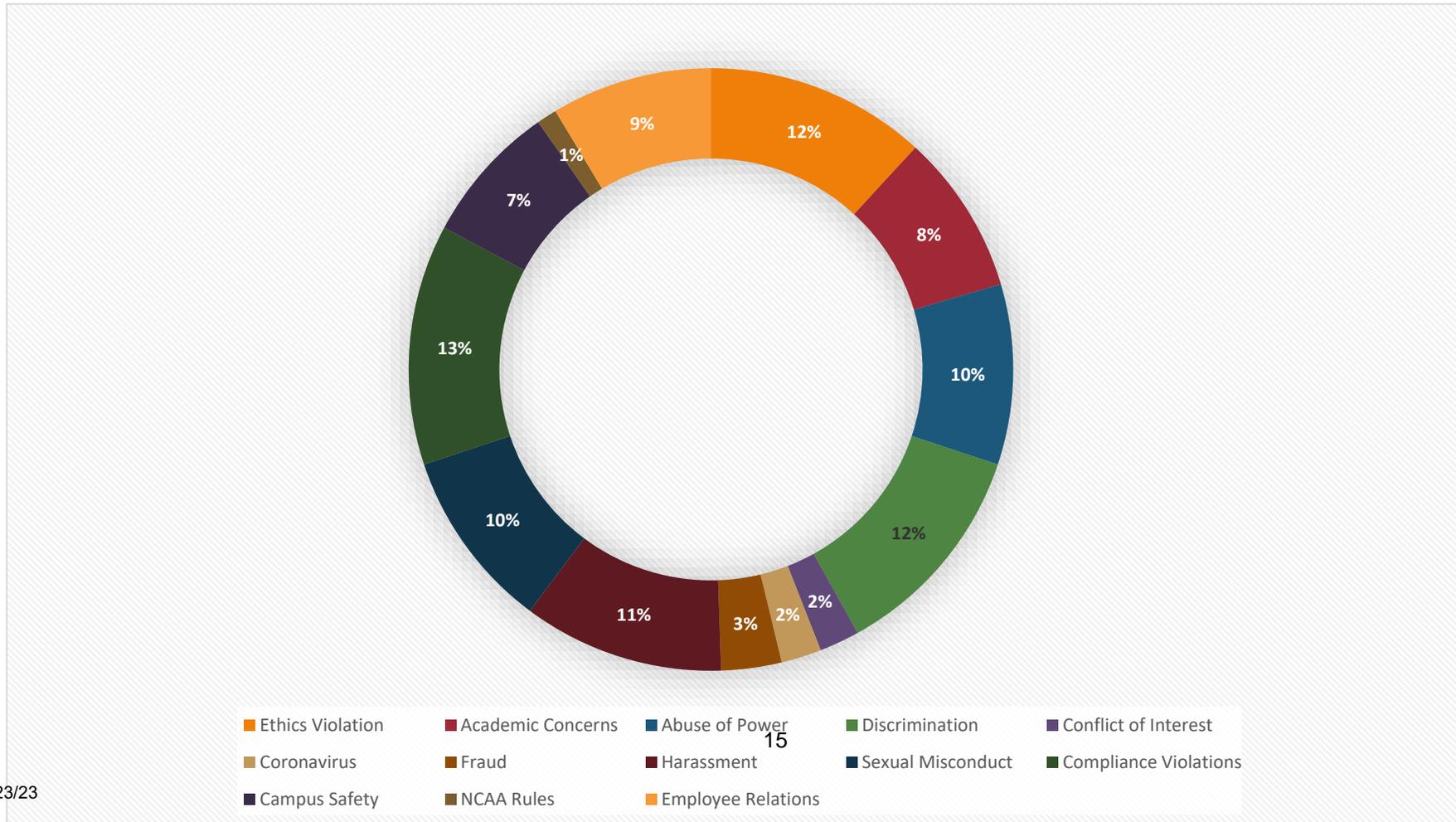


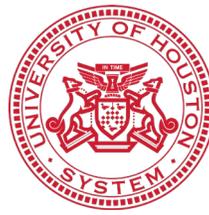
University of Houston System

Report on Fraud and Non-Compliance Reports,
Summary Report and Benchmarking, Fiscal Year 2022



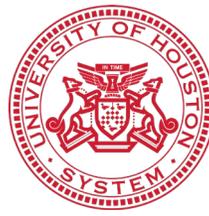
FY 2022 Reported Issues by Type Across UHS



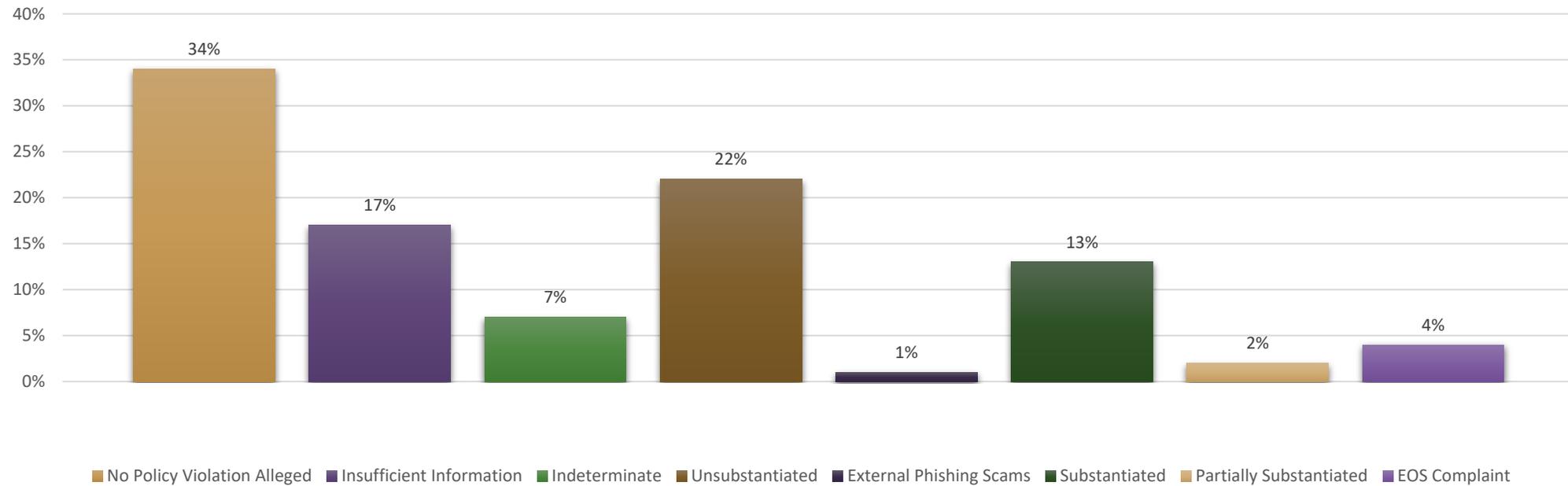


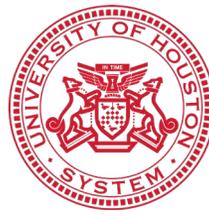
Top 3 Reported Hotline Issues for the past 3 Fiscal Years - UHS

FY22	<ul style="list-style-type: none">• Compliance Violations• Ethics Violations• Discrimination
FY21	<ul style="list-style-type: none">• Coronavirus• Ethics Violations• Academic Concerns
FY20	<ul style="list-style-type: none">• Compliance Violations• Sexual Misconduct• Ethics Violations

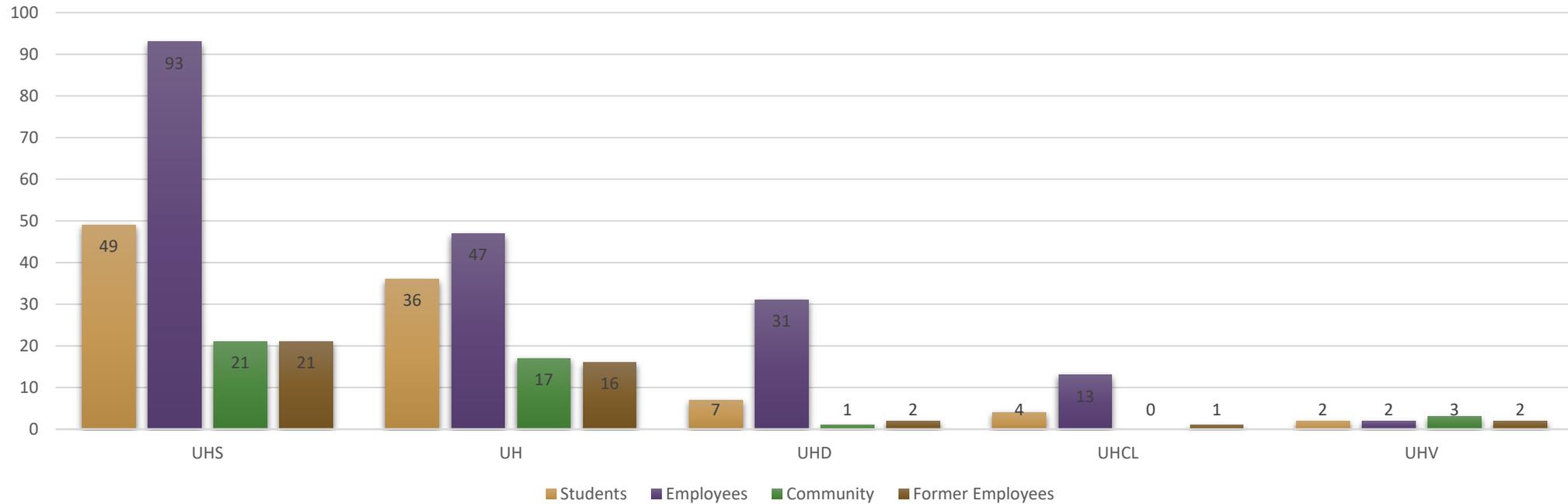


FY 2022 Outcome of Closed Hotline Reports

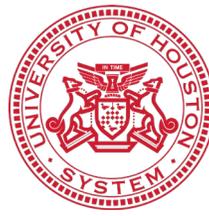




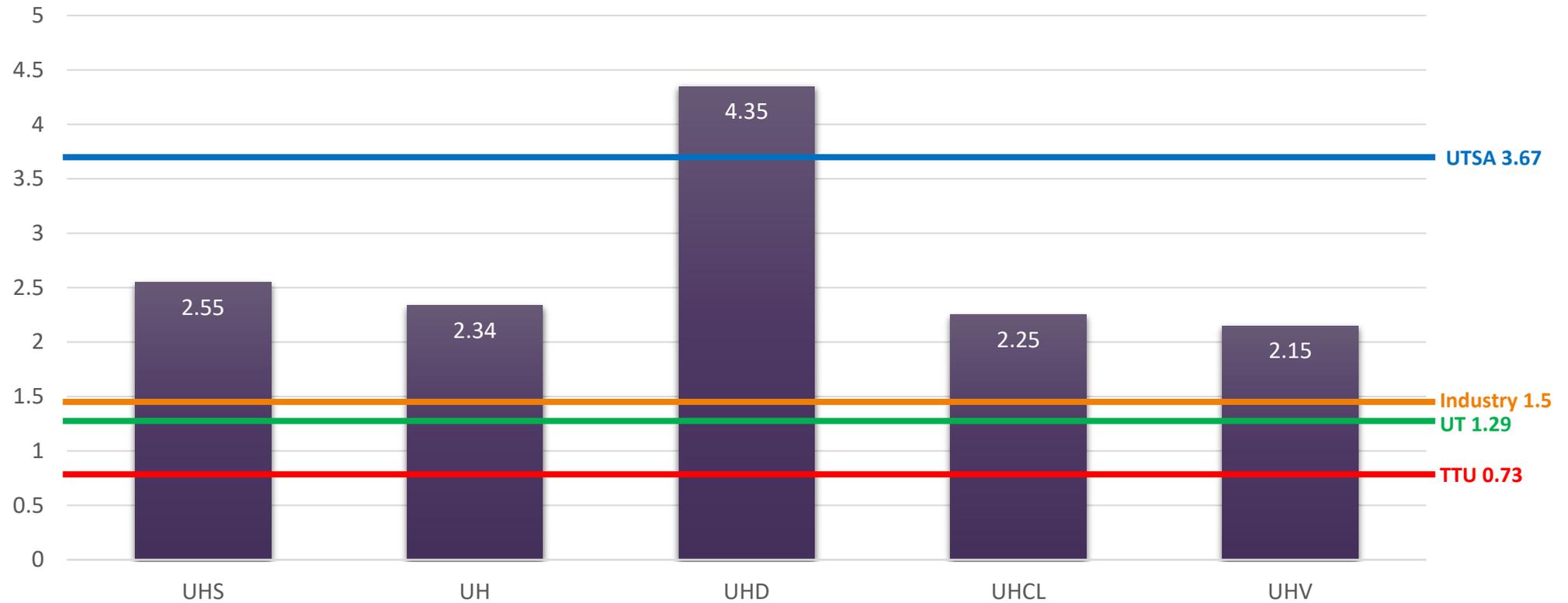
FY 2022 Breakdown of Hotline Reports by Type of Reporter



	% Submitted by Employees	% Submitted by Students	% Submitted by Community	% Submitted by Former Employees
UHS	51%	27%	11%	11%
UH	41%	31%	14%	14%
UHD	76%	17%	2%	5%
UHCL	72%	22%	0%	1%
UHV	22%	22%	33%	22%



FY 2022 Hotline Reports Per 100 Employees Compared to Benchmarks



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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Board of Regents' Policies on Internal Audit, Institutional Compliance, and Identity Theft Prevention

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit & Compliance Committee Planner, item number 3.03, requires an annual review of the Board of Regents' policies on Internal Audit, Institutional Compliance and Identity Theft Prevention Program. One minor change is recommended.

SUPPORTING DOCUMENTATION: Board of Regents' Policies on Internal Audit, Institutional Compliance and Identity Theft

FISCAL NOTE:

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

COMPONENT: University of Houston System



1-30-23

CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

DATE



CHANCELLOR

Renu Khator

DATE

2/16/23

SECTION V – AUDIT AND COMPLIANCE

41 AUDIT AND COMPLIANCE

41.01 Internal Auditing

To develop a framework for the implementation of the internal audit function within the System, and to define the scope of the internal audit function as an effective management tool for use by the Chancellor and the Board in evaluating the System’s fiscal integrity and compliance with the Texas Internal Auditing Act, Texas Government Code, Section 2102, applicable state and federal laws and with approved Board policies, the Board adopts the following policy (which serves as the Internal Audit Charter):

41.01.1 Purpose and Mission

- A. A primary responsibility of the Board is to ensure the legal and fiscal integrity of the System. To that end, the Board directs the Department of Internal Auditing to perform those audit activities necessary to assure that the System’s resources are being properly managed and accounted for and that the institution is complying with approved policies and statutory requirements.
- B. Internal audits are resource tools for management and enable the System to monitor the effectiveness with which policies are followed, objectives met, and control Systems function.
- C. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the System’s operations. The mission of Internal Auditing is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. It helps the System accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes, including those related to contracts.
- D. In carrying out their duties and responsibilities, members of the Department of Internal Auditing will have full, free, and unrestricted access to all System activities, records, property, and personnel. The Department of Internal Auditing may also request access to the financial records of private support organizations and foundations chartered for the benefit of the University of Houston System or any part thereof.

41.01.2 Authority

- A. The Chief Audit Executive will report directly to the chair of the Audit and Compliance Committee of the Board, and have access to the Chancellor.

- B. The Board is responsible for the employment, evaluation, dismissal, and remuneration of the Chief Audit Executive; however, the Chancellor has the authority to make recommendations to the Board on the employment, evaluation, dismissal, and remuneration of the Chief Audit Executive.
- C. The Department of Internal Auditing will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Definition of Internal Auditing. The Department of Internal Auditing will also perform its duties in accordance with generally accepted government auditing standards.
- D. The Chief Audit Executive will report periodically to senior management and the audit and compliance committee regarding:
- The Department of Internal Auditing's purpose, authority, and responsibility.
 - The Department of Internal Auditing's plan and performance relative to its plan.
 - The Department of Internal Auditing's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
 - Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the audit and compliance committee.
 - Results of audit engagements or other activities.
 - Resource requirements.
 - Any response to risk by management that may be unacceptable to the University of Houston System.
- E. The Core Principles for the Professional Practice of Internal Auditing are:
- Demonstrates integrity.
 - Demonstrates completeness and due professional care.
 - Is objective and free from undue influence (independent).
 - Aligns with the strategies, objectives, and risks of the organization.
 - Is appropriately positioned and adequately resourced.
 - Demonstrates quality and continuous improvement.
 - Communicates effectively.
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused.
 - Promotes organizational improvement.

41.01.3 The Internal Auditing Process

- A. In August of each year, the Department of Internal Auditing will present to the Audit and Compliance Committee an annual internal audit plan and risk assessment for the Board's review and approval. This plan will include a summary of the resources

dedicated to the Internal Audit program in order for the board to determine if adequate resources exist to ensure that risks identified in the risk assessment are adequately covered within a reasonable time frame. The plan will include risk-based testing of contract administration.

- B. The Chief Audit Executive will meet with the Chancellor on a regular basis to review audits performed, audits in progress, future audits, and special investigations.
- C. The Chief Audit Executive will meet with the chair of the Audit and Compliance Committee on a regular basis to review audits performed, audits in progress, future audits, and special investigations.
- D. Internal Audit reports will be distributed to the Chancellor, members of the Board of Regents, the State Auditor, the Governor's Office of Budget, Planning and Policy, and the Legislative Budget Board, as required by the Texas Government Code, Section 2102.009.
- E. Internal Audit's written responses to the State Auditor's Office's requests of Internal Audit to investigate reports of suspected fraud, waste, abuse and/or ineffective operations at the University of Houston System will be distributed to the Chair of the Audit and Compliance Committee and the Chancellor.

41.01.4 Independence and Objectivity

- A. The Chief Audit Executive will ensure that the Department of Internal Auditing remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Chief Audit Executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.
- B. Internal audit personnel will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.
- C. The Department of Internal Auditing will be free of all operational and management responsibilities that would impair the ability to make independent reviews of all aspects of the System.
- D. Internal audit personnel will disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- E. The Chief Audit Executive will confirm to the Audit and Compliance Committee, at least annually, the organizational independence of the Department of Internal Auditing.

- F. The Chief Audit Executive will disclose to the Audit and Compliance Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.
- G. Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

41.01.5 Scope of Internal Auditing

The internal audit activity evaluates and contributes to the improvement of the System's risk management, control and governance systems by addressing the following objectives:

- A. **Risk Management:** Internal audit activity will assist the System by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.
- B. **Control:** Internal audit activity will assist the System in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.
- C. **Governance:** Internal audit activity will contribute to the System's governance process by evaluating and improving the process through which 1. values and goals are established and communicated, 2. the accomplishment of goals is monitored, 3. accountability is ensured, and 4. values are preserved.
- D. The internal audit activity will evaluate risk exposures and adequacy and effectiveness of controls relating to the System's governance, operations and information systems regarding the:
 - Reliability and integrity of financial and operational information
 - Effectiveness and efficiency of operations
 - Safeguarding of assets
 - Compliance with policies, procedures, laws, regulations, and contracts
 - Achievement of strategic objectives
 - Results of operations or programs are consistent with established goals and objectives

Identified opportunities for improvement for these areas during the engagements will be communicated to the appropriate level of management.

- E. The Department of Internal Auditing will coordinate audit efforts with those of external CPA firms and the State Auditor's Office.
- F. The Department of Internal Auditing will investigate reports of suspected defalcation fraud, misappropriation or other fiscal irregularities.

G. The Department of Internal Auditing will follow up on engagement findings and corrective actions, and report periodically to senior management and Audit and Compliance Committee any corrective actions not effectively implemented.

41.01.6 Quality Assurance and Improvement Program

- A. The Department of Internal Auditing will maintain a quality assurance and improvement program that covers all aspects of the internal auditing activity. The program will include an evaluation of the Department of Internal Auditing's conformance with the *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Department of Internal Auditing and identify opportunities for improvement.
- B. The Chief Audit Executive will communicate to senior management and the Audit and Compliance Committee on the Department of Internal Auditing's quality assurance and improvement program, including results of internal assessments and external assessments.

Policy last reviewed ~~02/24/22~~ 02/23/23

Related Statutes, Policies, or Requirements

Texas Government Code § 321.0136 – *Investigation*

Texas Government Code, Chapter 2102 – *Texas Internal Auditing Act*

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

The Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing and Code of Ethics - <http://www.theiia.org/guidance/standards-and-guidance/ippf/>.

U.S. Government Accountability Office, Government Auditing Standards (The Yellow Book) - <http://www.gao.gov/new.items/d07731g.pdf>.

System Administrative Memoranda (SAMs)

01.C.04 – *Reporting/Investigating Fraudulent Acts*

04.A.01 – *Audits by External Auditors*

04.A.02 – *Audits by Internal Auditing*

42 COMPLIANCE

42.01 Institutional Compliance

The Chancellor, as Chief Executive Officer of the System, is responsible for ensuring the implementation of an institutional compliance program for the System 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. Accordingly, the System-wide Compliance Officer prepares an executive summary of all institutional compliance activity of the component institutions.

42.01.1 System-Wide Compliance Officer

The University of Houston Chief Compliance Officer shall serve as the System-wide Compliance Officer and is responsible, and will be held accountable for, apprising the Chancellor and the Audit and Compliance Committee of the institutional compliance functions and activities at each of the component institutions as set out in Subparagraph B, below. The System-wide Compliance Officer provides institutional compliance assistance to the Chancellor and the Vice Chancellors in the exercise of their responsibilities.

A. Appointment: The System-wide Compliance Officer shall be appointed by the Chancellor. The System-wide Compliance Officer is the senior compliance official of The University of Houston System, provides assistance and advice covering all component compliance programs, and shall hold office without fixed term, subject to the pleasure of the Chancellor.

B. Duties and Responsibilities: The primary responsibilities of the System-wide Compliance Officer include developing an infrastructure for the effective operation of The University of Houston System Institutional Compliance Program; chairing the System-wide Compliance Officers Council; and prescribing the format for the annual risk-based compliance plan and the quarterly compliance status reports to be submitted by each component institution.

Policy last reviewed ~~02/24/22~~ 02/23/23

Related Statutes, Policies or Requirements

Texas Education Code § 51.971 – *Compliance Program*

42.02 Identity Theft Prevention Program

The Chancellor, as Chief Executive Officer of the System, is responsible for ensuring the implementation of an identity theft prevention program which adheres to the Federal Trade Commission's Red Flag Rule under sections 114 and 315 of the Federal Fair and Accurate Credit Transactions Act. At least annually, the System-wide compliance officer prepares an executive summary of all activities of the Identity Theft Prevention Programs of the component institutions.

Policy last reviewed ~~02/24/22~~ 02/23/23

Related Statutes, Policies, or Requirements

Federal Fair and Accurate Credit Transactions Act, Pub.L. 108-159.

Federal Trade Commission Red Flag Rule, 16 C.F.R. § 681.2.

System Administrative Memoranda (SAMs)
01.C.14 – *Identity Theft*

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, External Audit Reports: UH Athletics Department, Independent Accountants' Report on the Application of Agreed-upon Procedures; UHS Endowment Fund, Independent Auditor's Report and Basic Financial Statements; and UH Cancer Prevention Research Institute of Texas Grant Awards, Independent Accountants' Report on Application of Agreed-upon Procedures

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit & Compliance Committee Charter and Checklist, item number 13, requires the Committee to review any significant findings and recommendations of the State Auditor and any employed public accounting firm or outside expertise. The external audit reports are required by the following:

- UH Athletics Department – NCAA Constitution
- UHS Endowment Fund – Endowment Agreement
- UH Cancer Prevention Research Institute of Texas (CPRIT) – Administrative Code and Grant Provisions

SUPPORTING

DOCUMENTATION: External Audit Reports

- UH Athletics Department – Independent Accountants' Report on the Application of Agreed-upon Procedures, FY 2022
- UHS Endowment Fund, Independent Auditor's Report and Financial Statements, FY 2022 and 2021
- UH Cancer Prevention and Research Institute of Texas, Independent Accountants' Report on Application of Agreed-upon Procedures, FY 2022

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

02-01-23

DATE



CHANCELLOR

Renu Khator

2/16/23

DATE

External Audit Reports

The Audit & Compliance Committee Charter and Checklist, item number 13, requires the Committee to review any significant findings and recommendations of the State Auditor and any employed public accounting firm or outside expertise.

Report Name	Name of Firm	Presenter	Page
UH Athletics Department, Independent Accountants' Report on the Application of Agreed-upon Procedures, FY 2022	James Moore & Co., P.L.	Katie Davis, CPA, LSS Certified Shane Metzler, CPA	2
UHS Endowment Fund, Independent Auditor's Report and Basic Financial Statements, FY 2022 and 2021	FORVIS, LLP	Brian K. Krueger, CPA	24
UH Cancer Prevention Research Institute of Texas (CPRIT) Grant Awards, Independent Accountants' Report on Application of Agreed-upon Procedures, FY 2022	FORVIS, LLP	Shekita S. Rawls, CPA	63

**UNIVERSITY OF HOUSTON
INTERCOLLEGIATE ATHLETICS PROGRAM
INDEPENDENT ACCOUNTANTS' REPORT ON THE
APPLICATION OF AGREED-UPON PROCEDURES
FOR THE YEAR ENDED AUGUST 31, 2022**

**UNIVERSITY OF HOUSTON
INTERCOLLEGIATE ATHLETICS PROGRAM
TABLE OF CONTENTS
AUGUST 31, 2022**

	<u>Page(s)</u>
Independent Accountants' Report on the Application of Agreed-Upon Procedures	1 – 17
Exhibits	
Exhibit I – Statement of Revenues and Expenses	18
Exhibit II – Notes to Statement of Revenues and Expenses	19 – 20

**INDEPENDENT ACCOUNTANTS' REPORT ON THE
APPLICATION OF AGREED-UPON PROCEDURES**

Dr. Renu Khator, President,
University of Houston:

We have performed the procedures enumerated below on the accompanying Statement of Revenues and Expenses (the Statement, see Exhibit I) of the University of Houston (the University) Intercollegiate Athletics Program (the Program) in compliance with the National Collegiate Athletic Association's (NCAA) Bylaw 3.2.4.17 for the year ended August 31, 2022. The University's management is responsible for the accompanying Statement and the Statement's compliance with those requirements for the year ended August 31, 2022.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the accompanying Statement is in compliance with the NCAA's Bylaw 3.2.4.17 for the year ended August 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Exceptions totaling the lesser of \$100,000 or 10% of the line item total to which an agreed-upon procedure has been applied to, other than exceptions related to internal control procedures of the Program, for which there are no thresholds, have been reported. The procedures and the associated findings are as follows:

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses

Procedure	Finding
All Revenue Categories	
<ul style="list-style-type: none"> Compare and agree each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the Program. If a specific reporting category is less than 4.0% of the total revenues, no procedures are required for that specific category. 	No exceptions noted.
<ul style="list-style-type: none"> Compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation. 	No exceptions noted.

Procedure

- Compare each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.

Finding

We noted no variations that exceed the thresholds for total revenues to prior period amounts. The budget estimates generated by the Program's ERP system are prepared in a format consistent with GAAP rather than in a format consistent with the revenue and expense categories specified by the NCAA. Thus, the variance analysis of total revenues to the budget estimates for the year ended August 31, 2022, was not performed. However, management does perform budget to actual comparison and analysis on a variety of budgetary bases throughout the fiscal year.

Ticket Sales

1. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Program in the statement and the related attendance figures and recalculate totals.

No exceptions noted.

Student Fees

2. Compare and agree student fees reported by the Program in the statement for the reporting to student enrollments during the same reporting period and recalculate totals.
3. Obtain documentation of Institute's methodology for allocating student fees to intercollegiate athletics programs.
4. If the Program is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

We were unable to perform the procedure as outlined; however, we noted that the Student Fees Advisory Committee determines the amount of student fees the Program receives. We agreed the amount to support from the Committee and noted no exceptions.

An understanding of the University's methodology was gained, and we noted the allocation was in accordance with the University's methodology.

No exceptions noted.

Direct State or Other Governmental Support

5. Compare direct state or other governmental support recorded by the Program during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals.

As there was no direct state or other governmental support for the year ended August 31, 2022, this procedure was not performed.

Procedure

Finding

Direct Institutional Support

6. Compare the direct institutional support recorded by the Program during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

No exceptions noted.

Transfers Back to Institution

7. Compare the transfers back to the institution with permanent transfers back to the institution from the Program and recalculate totals.

As there were no transfers back to institution for the year ended August 31, 2022, this procedure was not performed.

Indirect Institutional Support

8. Compare the indirect institutional support recorded by the Program during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.

As there was no indirect institutional support for the year ended August 31, 2022, this procedure was not performed.

Guarantees

9. Select a sample of settlement reports for away games during the reporting period and agree each selection to the Program's general ledger and/or the statement and recalculate totals.
10. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the Program's general ledger and/or the statement and recalculate totals.

As guarantees for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed.

As guarantees for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed.

Contributions

11. Any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals.

No exceptions noted.

Procedure

Finding

In-Kind

12. Compare the in-kind recorded by the Program during the reporting period with a schedule of in-kind donations and recalculate totals.

As there were no in-kind revenues for the year ended August 31, 2022, this procedure was not performed.

Compensation and Benefits Provided by a Third-Party

13. Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the Program and select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the Program's general ledger and/or the Summary and recalculate totals.

As there were no compensation and benefits provided by a third-party for the year ended August 31, 2022, this procedure was not performed.

Media Rights

14. Obtain and inspect agreements to understand the institution's total media (broadcast, television, radio) rights received by the Program or through their conference offices as reported in the statement.

As there were no media rights revenues for the year ended August 31, 2022, this procedure was not performed.

15. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and the Program's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

As there were no media rights revenues for the year ended August 31, 2022, this procedure was not performed.

NCAA Distributions

16. Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

As NCAA distributions for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed.

Conference Distributions and Conference Distributions of Football Bowl Generated Revenue

17. Obtain and inspect agreements related to the Program's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.

Agreements were obtained and an understanding of relevant terms and conditions was gained.

18. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals.

No exceptions noted.

Program Sales, Concessions, Novelty Sales and Parking

19. Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals.

As program sales, concessions, novelty sales and parking for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed.

Procedure

Finding

Royalties, Licensing, Advertisements and Sponsorships

- | | |
|--|--|
| 20. Obtain and inspect agreements related to the Program's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period for relevant terms and conditions. | Agreements were obtained and an understanding of relevant terms and conditions was gained. |
| 21. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals. | No exceptions noted. |

Sports Camp Revenues

- | | |
|---|---|
| 22. Inspect sports camp contract(s) between the institution and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain documentation of the Program's methodology for recording revenues from sports- camps. | As sports camp revenues for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed. |
| 23. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to the Program's general ledger, and/or the statement and recalculate totals. | As sports camp revenues for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed. |

Athletics Restricted Endowment and Investment Income

- | | |
|---|--|
| 24. Obtain and inspect endowment agreements (if any) for relevant terms and conditions. | As athletics restricted endowment and investment income for the year ended August 31, 2022 was below 4% of total revenues, this procedure was not performed. |
| 25. Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income deferred within the related endowment agreement and recalculate totals. | As athletics restricted endowment and investment income for the year ended August 31, 2022 was below 4% of total revenues, this procedure was not performed. |

Other

- | | |
|--|---|
| 26. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals. | As other revenues for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed. |
|--|---|

Football Bowl Revenues

- | | |
|--|---|
| 27. Obtain and inspect agreements related to the Program's revenues from post-season football bowl participation during the reporting period to gain an understanding of the relevant term and conditions. | As football bowl revenues for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed. |
| 28. Compare and agree the related revenues to the Program's general ledger, and or the statement and recalculate totals. | As football bowl revenues for the year ended August 31, 2022 were below 4% of total revenues, this procedure was not performed. |

Procedure

Finding

All Expense Categories

- Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4.0% of the total expenses, no procedures are required for that specific category.
- Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation.
- Compare each major expense account over 10% of the total expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.

No exceptions noted.

No exceptions noted.

We noted no variations that exceed the thresholds for total expenses to prior period amounts. The budget estimates generated by the Program's ERP system are prepared in a format consistent with GAAP rather than in a format consistent with the revenue and expense categories specified by the NCAA. Thus, the variance analysis of total expenses to the budget estimates for the year ended August 31, 2022, was not performed. However, management does perform budget to actual comparison and analysis on a variety of budgetary bases throughout the fiscal year.

Athletic Student Aid

29. Select a sample of students (10% of the total student-athletes for institutions who have used NCAA's Compliance Assistant (CA) software to prepare athletic aid detail, with a maximum sample size of 40, and 20% of total student-athletes for institutions who have not, with a maximum sample size of 60) from the listing of institutional student aid recipients during the reporting period. Data should be captured by the institution through the creation of a squad/eligibility list for each sponsored sport.
30. Obtain individual student account detail for each selection and compare total aid in the institution's student system to the student's detail in CA or the institution report that ties directly to the NCAA Membership Financial Reporting System.

A sample of 39 student aid recipients was selected.

No exceptions noted.

Procedure

Finding

31. **Division I Institutions Only:** Perform a check of each student selected to ensure their information was reported accurately in either the NCAA’s CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:
- The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA as the numerator and the full grant amount which is the total cost for tuition, fees, required course-related books, room and board for an academic year as the denominator. If using the NCAA CA software, this equivalency value should already be calculated for you on the CRDE report labeled “Revenue Distribution Equivalent Award”. No exceptions noted.
 - Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount). No exceptions noted.
 - Other expenses related to attendance (also known as cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.07). Note: for compliance purposes equivalencies may include other expenses related to attendance per Bylaw 15.02.2, however these expenses are not allowed to be included for revenue distribution equivalencies. No exceptions noted.
 - Full grant amount should be entered as a full year of tuition, not a semester or quarter. No exceptions noted.
 - Student-athletes are to be counted once, regardless of multiple sport participation, and should not receive a revenue distribution equivalency greater than 1.00. No exceptions noted.
 - Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and football bowl subdivision football. No exceptions noted.

Procedure	Finding
<ul style="list-style-type: none"> Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3. 	No exceptions noted.
<ul style="list-style-type: none"> Institutions providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component. 	No exceptions noted.
<ul style="list-style-type: none"> The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1). 	No exceptions noted.
<ul style="list-style-type: none"> If a sport is discontinued and the athletic grant(s) are still being honored by the institution, the grant(s) are included in student-athlete aid for revenue distribution purposes. 	As there were no discontinued sports for the year ended August 31, 2022, this procedure was not performed.
<ul style="list-style-type: none"> All equivalency calculations should be rounded to two decimal places. 	No exceptions noted.
<ul style="list-style-type: none"> If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution. 	No exceptions noted.
<ul style="list-style-type: none"> If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System. 	No exceptions noted.
32. Recalculate totals for each sport and overall.	No exceptions noted.

Guarantees

33. Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the Program's general ledger and/or the statement and recalculate totals.	As guarantees for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
34. Obtain and inspect contractual agreements pertaining to expenses recorded by the Program from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution to the Program's general ledger and/or the statement and recalculate totals.	As guarantees for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.

Procedure

Finding

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

- | | |
|---|---|
| 35. Obtain and inspect a listing of coaches employed by the Program and related entities during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing. | A listing of all coaches employed by the Program was obtained. A sample of five coaches for two pay periods each was selected, including the men's and women's basketball head coaches and the men's football head coach. |
| 36. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Program and related entities in the statement during the reporting period. | No exceptions noted. |
| 37. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period. | No exceptions noted. |
| 38. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals. | No exceptions noted. |

Coaching Other Compensation and Benefits Paid by a Third-Party

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|---|---|
| 39. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing. | As there were no coaching other compensation and benefits paid by a third-party for the year ended August 31, 2022, this procedure was not performed. |
| 40. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Program in the statement during the reporting period. | As there were no coaching other compensation and benefits paid by a third-party for the year ended August 31, 2022, this procedure was not performed. |
| 41. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party recorded by the institution in the statement during the reporting period and recalculate totals. | As there were no coaching other compensation and benefits paid by a third-party for the year ended August 31, 2022, this procedure was not performed. |

Procedure	Finding
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities	
42. Select a sample of support staff/administrative personnel employed by the Program and related entities during the reporting period.	A sample of five support staff/administrative personnel for two pay periods each was selected.
43. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period and recalculate totals.	No exceptions noted.
Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party	
44. Select a sample of support staff/administrative personnel employed by the third parties during the reporting period.	As there were no support staff/administrative other compensation and benefits paid by a third-party for the year ended August 31, 2022, this procedure was not performed.
45. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits expense recorded by the Program in the statement during the reporting period and recalculate totals.	As there were no support staff/administrative other compensation and benefits paid by a third-party for the year ended August 31, 2022, this procedure was not performed.
Severance Payments	
46. Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.	As there were no severance payments for the year ended August 31, 2022, this procedure was not performed.
Recruiting	
47. Obtain documentation of the Program's recruiting expense policies.	As recruiting expenses for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
48. Compare and agree to existing institutional- and NCAA-related policies.	As recruiting expenses for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
49. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	As recruiting expenses for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.

Procedure	Finding
Team Travel	
50. Obtain documentation of the Program’s team travel policies.	We obtained and documented an understanding of the Program’s team travel policies.
51. Compare and agree to existing institutional- and NCAA-related policies.	No exceptions noted and policies are consistent with institutional and NCAA-related policies.
52. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	No exceptions noted.
Equipment, Uniforms and Supplies	
53. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As equipment, uniforms and supplies for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
Game Expenses	
54. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As game expenses for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
Fund Raising, Marketing and Promotion	
55. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As fund raising, marketing, and promotion for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
Sports Camp Expenses	
56. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As sports camp expenses for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
Spirit Groups	
57. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no spirit groups expenses for the year ended August 31, 2022, this procedure was not performed.

Procedure	Finding
Athletic Facility Debt Service, Leases and Rental Fees	
58. Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements).	No exceptions noted.
59. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.	No exceptions noted.
Direct Overhead and Administrative Expenses	
60. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.
Indirect Institutional Support	
61. Tested with revenue section- Indirect Institutional Support.	As there was no indirect institutional support for the year ended August 31, 2022, this procedure was not performed.
Medical Expenses and Medical Insurance	
62. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As medical expenses and medical insurance for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
Memberships and Dues	
63. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As memberships and dues for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
Other Operating Expenses and Transfers to Institution	
64. Obtain general ledger detail and compare to the total expenses report. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As other operating expenses and transfers to institution for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.
Student-Athlete Meals (non-travel)	
65. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As student-athlete meals (non-travel) for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.

Procedure	Finding
Football Bowl Expenses	
66. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As football bowl expenses for the year ended August 31, 2022 were below 4% of total expenses, this procedure was not performed.

Minimum Agreed-Upon Procedures For Other Reporting Items

Excess Transfers to Institution and Conference Realignment Expenses

67. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted for conference realignment expenses. As there were no excess transfers to institution for the year ended August 31, 2022, this procedure was not performed.
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Total Athletics Related Debt

68. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.	No exceptions noted.
69. Agree the total annual maturities and total outstanding athletic related to supporting documentation and the institution's general ledger, if applicable.	No exceptions noted.

Total Institutional Debt

70. Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger.	No exceptions noted.
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Value of Athletics Dedicated Endowments

71. Obtain a schedule of all athletics dedicated endowments maintained by the Program, the institution, and affiliated organizations. Agree the fair market value in the schedules(s) to supporting documentations, the general ledger(s) and audited financial statements, if available.	No exceptions noted.
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Value of Institutional Endowments

72. Agree the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available.	No exceptions noted.
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Procedure

Finding

Total Athletics Related Capital Expenditures

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|---|----------------------|
| 73. Obtain a schedule of athletics related capital expenditures made by the Program, the institution, and affiliated organizations during the reporting period. | No exceptions noted. |
| 74. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | No exceptions noted. |

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

In order for the NCAA to place reliance on the Division I financial reporting to calculate the Division I NCAA revenue distributions, which is a financial benefit to the institution, the following procedures are required:

1. Grants-in-Aid:
 - a. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistant (CA) or other report that supports the equivalency calculations from the institution between May and August. The NCAA Membership Financial Reporting System populates the sports from the NCAA Sports Sponsorship and Demographics Form as they are reported by the institution between May and August. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the CRDE or other report that supports the equivalency calculations, inquire about the discrepancy and report the justification in the AUP report. No exceptions noted.
 - b. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/-4%. We noted no variance exceeding the threshold.

Procedure

Finding

2. Sports Sponsorship:

a. Obtain the institution's Sports Sponsorship and Demographics Forms submitted to the NCAA for the reporting year between May and August. Validate that the countable NCAA sports reported by the institution met the minimum requirements, set forth in Bylaw 20.9.6.3, related to the number of contests and the number of participants. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once countable sports have been validated, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Note: Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.

No exceptions noted.

b. Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance.

No variance noted.

3. For Pell Grants:

a. Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants. Note 1: Only Pell Grants for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are countable. Note 2: Student-athletes should only be counted once even if the athlete participates in multiple sports. Note 3: Individual student-aid file testing in step 31 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report.

No exceptions noted.

Procedure	Finding
b. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants.	We noted no variance exceeding the threshold.

Agreed-Upon Procedures Related to Affiliated and Outside Organizations

Procedure

1. The Program shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Once the Program has made these statements available, the independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization. In addition, the Program shall prepare a summary of revenues and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed-upon procedures report.

Results

The Program identified the University of Houston Foundation (the Foundation) as the only athletics-related affiliated and outside organization making expenditures for, or on behalf of the Program or its employees. The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of Program. For the year ended August 31, 2022, the Foundation recognized expenses of \$696,117 on behalf of the Program.

Finding

No exceptions noted.

Procedure

2. The independent accountant shall obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters if the organization is audited independent of the agreed-upon procedures required by NCAA legislation. The Program's independent accountant shall also inquire of institutional and outside organization management as to corrective action taken in response to comments concerning internal control structure (if any).

Results

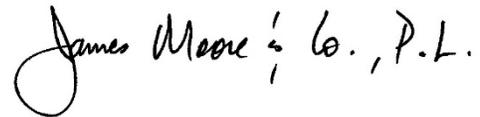
We noted that the audited financial statements of the Foundation for the year ended August 31, 2022 had not yet been released as of the date of the report; however, we obtained and read the audited financial statements of the Foundation for the year ended August 31, 2021. The results of this procedure disclosed that the independent auditors expressed an unmodified opinion on the financial statements of the Foundation.

Finding

No exceptions noted.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement of Revenues and Expenses (Exhibit I) of the University and the accompanying notes to the Statement of Revenues and Expenses (Exhibit II). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Gainesville, Florida
January 11, 2023

UNIVERSITY OF HOUSTON
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'
REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)

	Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Revenues						
1 Ticket sales	\$ 2,587,469	\$ 1,630,968	\$ 26,806	\$ 262,656	\$ 683,680	\$ 5,191,579
2 Direct state or other governmental support	-	-	-	-	-	-
3 Student fees	-	-	-	-	8,513,075	8,513,075
4 Direct institutional support	-	-	-	-	39,938,875	39,938,875
5 Transfers back to institution	-	-	-	-	-	-
6 Indirect institutional support	-	-	-	-	-	-
6A Indirect institutional support - athletic facilities debt service, lease and rental fees	-	-	-	-	-	-
7 Guarantees	1,375,485	-	-	-	-	1,375,485
8 Contributions	618,720	569,510	10,210	735,685	5,641,638	7,575,763
9 In-kind	-	-	-	-	-	-
10 Compensation and benefits provided by a third-party	-	-	-	-	-	-
11 Media rights	-	-	-	-	-	-
12 NCAA distributions	-	-	-	-	1,954,888	1,954,888
13 Conference distributions (non media and non football bowl)	-	-	-	-	6,621,526	6,621,526
13A Conference distributions of football bowl generated revenue	-	-	-	-	-	-
14 Program, novelty, parking and concession sales	128,785	9,626	-	-	709,990	848,401
15 Royalties, licensing, advertisement and sponsorships	-	-	-	15,000	3,512,097	3,527,097
16 Sports camp revenues	109,250	121,017	12,993	251,840	-	495,100
17 Athletics restricted endowment and investment income	18,252	11,603	-	86,422	222,086	338,363
18 Other operating revenue	4,617	(6,699)	-	189,188	723,104	910,210
19 Football bowl revenues	797,724	-	-	-	-	797,724
Total operating revenues	<u>5,640,302</u>	<u>2,336,025</u>	<u>50,009</u>	<u>1,540,791</u>	<u>68,520,959</u>	<u>78,088,086</u>
Expenses						
20 Athletic student aid	3,454,721	528,077	638,254	4,284,012	200,569	9,105,633
21 Guarantees	600,000	861,167	59,245	47,748	-	1,568,160
22 Coaching salaries, benefits and bonuses paid by the university and related entities	7,889,369	4,580,678	809,132	3,327,998	-	16,607,177
23 Coaching salaries, benefits and bonuses paid by a third-party	-	-	-	-	-	-
24 Support staff and administrative compensation, benefits and bonuses paid by the university and related entities	1,852,288	1,252,677	257,590	560,136	8,663,206	12,585,897
25 Support staff and administrative compensation, benefits and bonuses paid by a third-party	-	-	-	-	-	-
26 Severance payments	-	-	-	-	-	-
27 Recruiting	290,250	116,273	71,457	260,915	37,337	776,232
28 Team travel	902,469	1,157,963	535,753	1,849,579	150,934	4,596,698
29 Sports equipment, uniforms and supplies	805,761	222,939	116,465	774,094	123,348	2,042,607
30 Game expenses	595,474	239,320	58,595	542,968	187,602	1,623,959
31 Fund raising, marketing and promotion	32,220	41,823	4,607	46,765	661,183	786,598
32 Sports camp expenses	28,042	58,992	-	83,648	-	170,682
33 Spirit groups	-	-	-	-	-	-
34 Athletic facilities debt service, leases and rental fee	-	-	-	-	6,351,071	6,351,071
35 Direct overhead and administrative expenses	972,717	432,334	180,754	812,397	9,564,068	11,962,270
36 Indirect institutional support	-	-	-	-	-	-
37 Medical expenses and insurance	15,609	8,743	-	21,324	1,200,773	1,246,449
38 Memberships and dues	2,230	140	-	8,844	17,588	28,802
39 Student-athlete meals (non-travel)	1,930,220	254,518	111,460	403,712	139,825	2,839,735
40 Other operating expenses	53,435	8,683	1,308	107,620	321,134	492,180
41 Football bowl expenses	739,248	-	-	-	-	739,248
41A Football bowl expenses - coaching compensation/bonuses	283,006	-	-	-	-	283,006
Total operating expenses	<u>20,447,059</u>	<u>9,764,327</u>	<u>2,844,620</u>	<u>13,131,760</u>	<u>27,618,638</u>	<u>73,806,404</u>
Results of operations	<u>\$ (14,806,757)</u>	<u>\$ (7,428,302)</u>	<u>\$ (2,794,611)</u>	<u>\$ (11,590,969)</u>	<u>\$ 40,902,321</u>	<u>4,281,682</u>
50 Excess transfers to institution						-
51 Conference realignment expenses						5,000,000
Excess (deficiency) of revenues over (under) expenses (see Note 5)						<u>\$ (718,318)</u>
Other reported items						
52 Total athletics related debt						<u>\$ 113,154,625</u>
53 Total institutional debt						<u>\$ 1,291,081,552</u>
54 Value of athletics dedicated endowments						<u>\$ 9,262,849</u>
55 Value of institutional endowments						<u>\$ 756,835,268</u>
56 Total athletics related capital expenditures						<u>\$ 88,480</u>

**UNIVERSITY OF HOUSTON
 INTERCOLLEGIATE ATHLETICS PROGRAM
 NOTES TO STATEMENT OF REVENUES AND EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2022
 (UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS’
 REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

(1) **Basis of Accounting:**

The statement of revenues and expenses of the University of Houston (the University) Intercollegiate Athletics Program (the Program) has been prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

(2) **Capital Assets:**

Capital assets purchased with an original cost of \$5,000 or more are recorded at cost and depreciated utilizing the straight-line method over the estimated useful lives of assets (generally ranging from 5 to 10 years). Costs to maintain or repair these assets are expensed as incurred. Costs incurred for the construction of buildings or other permanent facilities are not capitalized as part of the Program’s accounts, but are recorded by the University as assets of other funds.

(3) **Contributions:**

The University and the University of Houston Foundation (the Foundation) serve as the official legal conduits for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the Program. The Program received contributions of \$7,575,763 during the year ended August 31, 2022. There were no contributions recognized from the Foundation for the year ended August 31, 2022. There were no contributions exceeding 10% of total contributions, as reported in the statement of revenues and expenses, for the year ended August 31, 2022.

(4) **Long-term Debt:**

The following is a schedule of future principal and interest payments for long term debt as of August 31, 2022:

Fiscal Year Ending August 31,	Long Term Debt		Total Principal and Interest
	Principal	Interest	
2023	\$ 1,996,140	\$ 3,984,178	\$ 5,980,318
2024	4,399,585	3,659,200	8,058,785
2025	4,497,475	3,568,383	8,065,858
2026	4,628,920	3,484,090	8,113,010
2027	4,714,810	3,400,255	8,115,065
2028-2032	24,142,695	15,340,714	39,483,409
2033-2037	30,760,000	11,399,511	42,159,511
2038-2042	13,160,000	7,361,003	20,521,003
2043-2047	10,905,000	4,818,793	15,723,793
2048-2052	13,950,000	1,780,471	15,730,471
Total	<u>\$113,154,625</u>	<u>\$ 58,796,598</u>	<u>\$171,951,223</u>

**UNIVERSITY OF HOUSTON
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022
(UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS’
REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

(5) **Surplus/Deficit Allocations:**

The Program is allowed to carry forward all available fund equity balances at the end of each fiscal year to the next fiscal year. Deficits are funded by the Program using the accumulated fund equity from sufficient net position available. The surplus fund balance was carried forward from prior fiscal years to fund the expenditures that resulted in the deficiency of revenues under expenses of \$(718,318) for the year ended August 31, 2022.

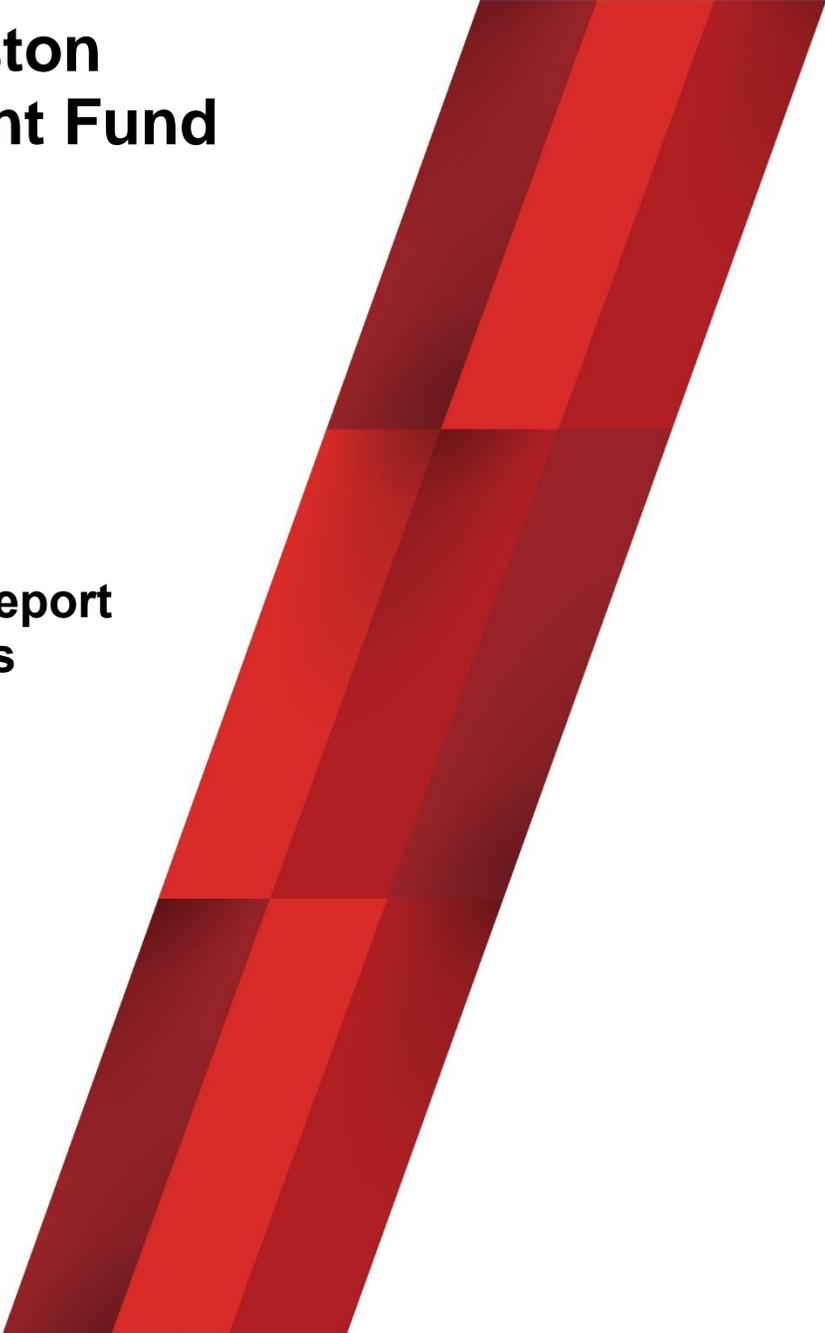
(6) **Conference Realignment Expenses:**

The Program incurred \$5,000,000 in conference exit fees during the year ended August 31, 2022 as a result of the Program’s acceptance of an invitation to join the Big 12 Conference and related withdrawal from the American Athletic Conference, which will take effect on July 1, 2024. The conference exit fees are reported as Conference Realignment Expenses in the statement of revenues and expenses.

University of Houston System Endowment Fund

Independent Auditor's Report and Financial Statements

August 31, 2022



**University of Houston System
Endowment Fund
August 31, 2022 and 2021**

Contents

Independent Auditor's Report.....	1
Management's Discussion and Analysis – (Unaudited).....	4
The Basic Financial Statements	
Statements of Net Position.....	12
Statements of Revenues, Expenses and Changes in Net Position.....	13
Statements of Cash Flows.....	14
Notes to Basic Financial Statements.....	15

Independent Auditor's Report

Board of Regents
University of Houston System
Houston, Texas

Opinion

We have audited the financial statements of the University of Houston System (the System) Endowment Fund (the Endowment Fund), as of and for the year ended August 31, 2022 and 2021, and the related notes to the financial statements which collectively comprise the Endowment Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Endowment Fund as of August 31, 2022 and 2021, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position, changes in net position and cash flows of the Endowment Fund and do not purport to, and do not present fairly the financial position of the System as of August 31, 2022 and 2021, the changes in its net position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment Fund's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

FORVIS,LLP

Houston, Texas
January 27, 2023

University of Houston System Endowment Fund

Management's Discussion and Analysis – (Unaudited)

August 31, 2022

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the activities and the financial position of University of Houston System (the System) Endowment Fund (the Endowment Fund) for the fiscal year ended August 31, 2022, as compared to fiscal year ended August 31, 2021, with summary comparisons for the year ended August 31, 2020. This MD&A offers a summary of significant current year activities of the Endowment Fund, resulting changes in net position, and currently known economic conditions and facts. This analysis should be read in conjunction with the Endowment Fund's basic financial statements and the notes to the financial statements. Responsibility of the financial statements, related footnote disclosures and MD&A rests with the Endowment Funds' management.

The System is a governmental entity of the State of Texas. The Endowment Fund is a fund group of the System's reporting entity. The financial statements of the Endowment Fund have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

During fiscal year 2022, the Endowment Management Committee of the University of Houston (UH) System Board of Regents (the Board of Regents) continued to review existing objectives, risks, asset allocation, and manager structure within the endowment portfolio and make adjustments as deemed appropriate. The Endowment Fund Statement of Investment Objectives and Policies, among other things, establishes financial objectives for the endowment and an asset allocation with targets and ranges and categorizes each asset class as either a risk reducer or a driver of return.

Endowment Fund Structure

Gifts to the UH System are placed in the Endowment Fund for investment and oversight purposes. The Board of Regents strives to maintain a plan to preserve and augment the value of the endowment. The Board of Regents works to preserve the broad objective of investing endowment assets so as to preserve both their real value and the long-range purchasing power of endowment income. The Endowment Management Committee of the Board of Regents is responsible for reviewing and approving investment managers and monitoring investment performance and allocations of funds to asset classes to ensure appropriate diversification of investment risks for the Endowment Fund, as well as making recommendations to the Board of Regents for any changes to the investment policy.

The Endowment Fund is a pooled investment fund consisting of approximately 2,046 individual endowments benefiting the four UH System universities. The investment pool functions similarly to a mutual fund, with each endowment account owning units that represent a claim on the Endowment Fund's net position. By pooling the investments, the UH System achieves increased diversification of investment risks and more effective management of endowment assets.

Management of the Fund

The Endowment Fund retains ninety-five independent investment managers who pursue various portfolio management strategies to diversify risk and maximize the total return through a variety of capital market cycles. Investment manager diversification of the Endowment Fund's assets is as follows:

	2022	2021	2020
<u>Developed U.S. Equity</u>			
Northern Trust	11%	13%	9%
Columbia Management	4	7	7
Vulcan Value Partners	5	8	7
Gotham	0	0	5
Cougar Investment Fund	<1	<1	<1
Subtotal – developed U.S. equity	20	28	29
<u>Developed International Equity</u>			
William Blair	4	7	7
Silchester	5	7	7
Global Alpha	3	3	3
Subtotal – developed international equity	12	17	17
<u>Developing Markets</u>			
Doddington Emerging Markets	1	1	1
Somerset	0	1	1
Edgbaston Asian Equity	1	1	1
Subtotal – developing markets	2	3	3
<u>Global Equity</u>			
Arrowstreet Global Equity	4	0	0
<u>Absolute Return</u>			
Anchorage Capital Partners	0	0	1
HBK	2	2	2
Davidson Kempner	2	2	2
Whipporwill	0	<1	<1
Standard Life	0	<1	<1
400 Capital Credit Opps	2	0	0
Subtotal – absolute return	6	4	6
<u>Hedged Equity</u>			
Highline Capital	0	0	<1
Lakewood	0	1	<1
SRS Partners	2	1	1
Subtotal – hedged equity	2	2	2
<u>Marketable Real Assets</u>			
Vanguard	1	1	1
T. Rowe Price	2	1	1
Subtotal – marketable real assets	3	2	2

	2022	2021	2020
Fixed Income			
Lord Abbett	4%	0%	0%
Smith Graham	2	6	12
Loomis Sayles	1	2	0
PIMCO	2	2	0
Subtotal – fixed income	9	10	12
Private Investments			
Sustainable Woodlands Fund	0	0	<1
Berwind Property Group VII	<1	<1	<1
Berwind Property Group VIII	<1	<1	<1
Newlin Realty Partners	<1	<1	<1
Newlin Realty Partners II	<1	<1	<1
Other – real estate holdings	0	0	<1
Commonfund Capital International VI	<1	<1	<1
Commonfund Capital PE VII	<1	<1	<1
Commonfund Capital Venture VIII	<1	<1	<1
Denham Commodity Partners	<1	<1	<1
Denham Oil and Gas	<1	<1	1
EnCap Flatrock Midstream II-C	<1	<1	<1
EnCap Flatrock Midstream III	<1	<1	<1
Embarcadero Capital	<1	<1	1
Enervest Fund XIV-A	<1	<1	<1
Advent International GPE VII	<1	<1	<1
Advent International GPE VIII-B	<1	<1	<1
Advent International GPE IX	<1	<1	<1
EnCap Energy VII-B	<1	<1	1
J.H. Whitney VII	<1	<1	<1
TrueBridge – Kauffman Fellows II	<1	<1	1
TrueBridge – Kauffman Fellows III	<1	<1	<1
TrueBridge – Kauffman Fellows IV	1	1	<1
TrueBridge – Kauffman Fellows V	<1	<1	<1
TrueBridge – Kauffman Fellows VI	<1	<1	<1
Dover Street VIII	<1	<1	<1
Dover Street X	<1	<1	<1
LiveOak Venture Partners I	<1	<1	<1
Silver Lake Partners V	<1	<1	<1
Jackson Square Ventures II	<1	<1	<1
Jackson Square Ventures III	<1	<1	<1
Mercury Fund IV	<1	<1	<1
Penzance DC Real Estate Fund	<1	<1	<1
Penzance DC Real Estate Fund II	<1	<1	<1
Silver Lake Partners IV	<1	<1	<1
Acme Fund III	<1	<1	<1
Silver Lake Partners VI	<1	<1	0
SV Life Sciences Fund VI	<1	<1	<1
Great Hill Equity Partners V	<1	<1	<1
Great Hill Equity Partners VI	1	1	<1
Great Hill Equity Partners VII	<1	<1	<1
Dover Street IX	<1	<1	<1

	2022	2021	2020
Private Investments (Continued)			
Fisher Lynch Buyout II	<1%	<1%	<1%
Binary Capital Fund II	<1	<1	<1
Fisher Lynch Venture II	<1	<1	<1
ASF VIII B	<1	<1	<1
Vivo Capital Fund IX	<1	<1	<1
US Venture Partners XII	<1	<1	<1
Kelso X	<1	<1	<1
Thoma Bravo XIII-A	<1	<1	<1
Thoma Bravo XIV-A	<1	<1	<1
Energy Spectrum VIII	<1	<1	<1
Great Point Partners III	<1	<1	<1
PeakSpan II	<1	<1	<1
Clear Ventures II	<1	<1	<1
Hastings IV-B	<1	<1	<1
Lexington Capital VIII	<1	<1	<1
Lexington Capital IX	<1	<1	<1
LiveOak Venture II	<1	<1	<1
Weathergage Venture IV	<1	<1	<1
Blackstone Europe V	<1	<1	<1
Blackstone Real Estate IX	<1	<1	<1
Blackstone Real Estate Europe VI	<1	<1	<1
EnCap Energy XI	<1	<1	<1
Insight Equity III	<1	<1	<1
Francisco Partners IV-A	1	<1	<1
Francisco Partners V	<1	1	<1
Francisco Partners VI	<1	<1	<1
Trident VII	1	<1	<1
Trident VIII	<1	<1	<1
EnCap Energy X	<1	<1	<1
EnCap Midstream IV	<1	<1	<1
Blackstone Real Estate Partners VIII	<1	<1	<1
Dalfen Last Mile Industrial Fund	<1	0	0
Frontenac XII	<1	0	0
GCM Grosvenor Advance Fund	<1	0	0
Kelso XI	<1	0	0
True Bridge Capital Partners VII	<1	0	0
Windrose Health Investors VI	<1	0	0
Subtotal – private investments	<u>36</u>	<u>31</u>	<u>28</u>
Cash and equivalents	<u>4</u>	<u>3</u>	<u>1</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

Investment Manager Allocation

Investment managers are given discretion to manage the assets in each portfolio to best achieve investment objectives within the policies and requirements established by the Board of Regents. The objectives and comparative benchmarks are used to evaluate manager performance. The Endowment Management

Committee reviews performance and adjusts allocation to investment managers and asset classes in response to current or future anticipated market conditions. Quarterly performance reports are distributed to the Endowment Management Committee.

Endowment Payout Policy

The Endowment Management Committee is responsible for reviewing the income payout rate of the Endowment Fund, which is a balance between current income needs and long-term investment objectives. The Endowment Fund will maintain a payout rate of approximately 4 percent to 5 percent, with any change to this range to be approved by the Board of Regents. The endowment income payout rate for the years ended August 31, 2022, 2021 and 2020, was 4 percent of the average market value for the 12 prior fiscal quarters. If an endowment has been in existence less than 12 quarters, the average is based on the number of quarters in existence. This trailing 12-quarter method is used to smooth large year-over-year changes in market value, thereby allowing the UH System's colleges and departments to more reasonably predict future distributions of endowment income intended to benefit their area.

In the three fiscal years 2020 through 2022, endowment payouts to the beneficiary accounts, excluding distributed income returned to principal, in total and by the System's components were as follows:

	2022	2021	2020
University of Houston	\$ 25,553,818	\$ 21,751,756	\$ 19,950,605
UH – Clear Lake	1,058,335	986,030	953,707
UH – Downtown	1,418,119	1,257,931	1,198,201
UH – Victoria	527,258	489,421	477,694
System-wide endowments	<u>5,008,240</u>	<u>4,681,360</u>	<u>4,595,576</u>
Totals	<u>\$ 33,565,770</u>	<u>\$ 29,166,498</u>	<u>\$ 27,175,783</u>

Overview of the Financial Statements

The financial statements for the fiscal year ended August 31, 2022, are presented comparatively to financial statements issued for the fiscal year ended August 31, 2021. The financial statements have been prepared in accordance with the standards of the GASB, which establishes generally accepted accounting principles for state and local governments. The three primary financial statements presented are (1) the statements of net position, (2) the statements of revenues, expenses and changes in net position and (3) the statements of cash flows. The information contained in the financial statements of the Endowment Fund is incorporated within the System's Combined Annual Financial Report.

The financial operations of the System, and therefore inclusively the Endowment Fund, are considered a business-type (or proprietary fund) activity. The operating activities of the System are financed by tuition and fees, state appropriations, contracts and grants and auxiliary enterprise revenue. The Endowment Fund is an internally managed pooled-fund and its beneficiaries are internal to the System. The statements of net position report resources held and administered by the System, as described in the previous sections of this MD&A. These resources are customarily characterized by the existence of a written agreement that affects the degree of management involvement, the programs supported by income earned by the resources and the length of time that the resources are held by the System.

Statements of Net Position

The statements of net position reflect the Endowment Fund's assets and liabilities using the economic resources measurement focus and accrual basis of accounting, and represents the financial position as of the conclusion of the fiscal year. Net position is equal to assets minus liabilities. Unrestricted net position is available to the System for any lawful purpose. Unrestricted net position often has constraints imposed by management, but such constraints can be removed or modified. Restricted net position represents net position that can be utilized only in accordance with third-party-imposed restrictions. On August 31, 2022, the Endowment Fund's assets totaled \$1.028 billion, and liabilities totaled \$43.6 million, resulting in a net position of \$984.2 million.

The net position of the Endowment Fund as contributed by the System's components as of August 31, 2022, compared to the corresponding values as of August 31, 2021, and August 31, 2020, were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
University of Houston	\$ 756,835,268	\$ 803,460,608	\$ 597,351,708
UH – Clear Lake	30,256,010	33,945,631	26,214,690
UH – Downtown	42,921,200	46,824,868	35,323,895
UH – Victoria	14,868,641	16,592,608	12,927,860
System-wide endowments	<u>139,330,686</u>	<u>156,218,276</u>	<u>121,982,504</u>
Totals	<u>\$ 984,211,805</u>	<u>\$ 1,057,041,991</u>	<u>\$ 793,800,657</u>

Variance Analysis-Changes in the Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>Change 2022-2021</u>	<u>2020</u>
Total assets	\$ 1,027,784,534	\$ 1,094,032,080	\$ (66,247,546)	\$ 828,430,533
Total liabilities	43,572,729	36,990,089	6,582,640	34,629,876
Restricted, nonexpendable endowments	695,670,162	735,191,126	(39,520,964)	544,197,392
Restricted, expendable endowments	60,434,582	67,632,780	(7,198,198)	52,757,644
Unrestricted endowments	<u>228,107,061</u>	<u>254,218,085</u>	<u>(26,111,024)</u>	<u>196,845,621</u>
Net position	<u>\$ 984,211,805</u>	<u>\$ 1,057,041,991</u>	<u>\$ (72,830,186)</u>	<u>\$ 793,800,657</u>

- Total assets: The \$66.2 million decrease in fiscal year 2022 is primarily attributable to a decrease in the fair value of investments.
- Total liabilities: The \$6.6 million increase in liabilities is primarily attributable to an increase in amounts payable to other System components at fiscal year-end 2022.
- Restricted, nonexpendable endowments: The \$39.5 million decrease in restricted nonexpendable endowments is primarily attributable to a decrease in the fair value of investments.
- Restricted, expendable endowments: The \$7.2 million decrease in restricted expendable endowments is primarily attributable to a decrease in the fair value of investments.
- Unrestricted endowments: The \$26.1 million decrease is primarily attributable to a decrease in the fair value of investments.

Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position contain information about the additions to, the deductions from, and the resulting net increase or decrease in the fair value of the net position for the fiscal year. During fiscal year 2022, the Endowment Fund received \$45.4 million of gifts and other receipts, interest, and investment income of \$18.2 million and a \$88.3 million net decrease in the fair value of investments. The Endowment Fund's total deductions for fiscal year 2022 were \$48.2 million, including \$33.6 million earmarked for distribution to the beneficiary endowment accounts under the planned payout policy and \$7.7 million for gift acquisition and fundraising efforts. As a result of these activities, the Endowment Fund realized a decrease in net position of \$72.8 million for fiscal year 2022.

Variance Analysis-Changes in the Statements of Revenues, Expenses and Changes in Net Position

	2022	2021	Change 2022-2021	2020
Contributions to endowments	\$ 45,440,623	\$ 34,349,600	\$ 11,091,023	\$ 20,429,180
Net realized and unrealized appreciation (depreciation)	(88,273,792)	259,452,351	(347,726,143)	83,460,443
Other non-operating expenses	(48,230,386)	(44,054,743)	(4,175,643)	(44,172,635)
Interest and investment income	<u>18,233,369</u>	<u>13,494,126</u>	<u>4,739,243</u>	<u>6,958,988</u>
Increase (decrease) in net position	<u>\$ (72,830,186)</u>	<u>\$ 263,241,334</u>	<u>\$ (336,071,520)</u>	<u>\$ 66,675,976</u>

- Contributions to endowments increased \$11.1 million in 2022 as compared to 2021.
- Changes in investment activities included an \$88.3 million net depreciation in the fair value of investments in fiscal year 2022 compared to \$259.5 million net appreciation in fiscal year 2021. This net change fiscal year-over-year is the result of the stock market decrease in certain sectors in fiscal year 2022. Interest and investment income increased by \$4.7 million as compared to fiscal year 2021. Fund deductions increased by \$4.2 million from fiscal year 2021 to fiscal year 2022. The Endowment Fund established a tiered payout policy for underwater endowments effective 2016. The institutional advancement fee was approved by the Board of Regents to offset costs associated with gift acquisition and fund raising efforts at the System components. Administrative costs decreased by \$1.1 million in fiscal year 2022 compared to fiscal year 2021. Administrative costs are comprised primarily of investment management fees and consulting fees, and these costs will fluctuate year-over-year as fees are calculated based on the market value of the funds under each firm's advisement.

Statements of Cash Flows

The statements of cash flows explain the changes during the fiscal year in cash and cash equivalents, regardless of whether there are restrictions on their use. The statements of cash flows should be read in conjunction with related disclosures and information in the other financial statements.

Capital Assets

The Endowment Fund does not hold any capitalized assets, such as buildings or furniture and equipment. The Endowment Fund invests in financial instruments which constitutes most of the Endowment Fund's assets. Although the Endowment Fund is generally not prohibited from acquiring tangible physical assets to be held as investments for their appreciation qualities, such assets are typically not acquired or held by the Endowment Fund. Presently, the Endowment Fund holds certain parcels of land, which were received as gifts and are being held for future sale.

Debt Administration

The Endowment Fund does not issue long-term debt. The Endowment Fund is not currently engaged in any long-term financing transactions. The operation and administration of the Endowment Fund is currently structured such that its annual financial obligations and expenses are satisfied through earnings and other fund additions.

Economic Outlook

Stagflation dynamics pose a challenge to portfolio diversification and represent a headwind for equity valuations and profit margins. The path of U.S. corporate earnings does not reflect a material weakness for 2023 despite the tightening monetary policy environment. Europe's economy is exposed to an energy shock as its infrastructure undergoes an emergency transplant to pivot from Russia energy. China's zero-COVID policy has global supply chain implications and continues to dampen consumer spending and industrial activity. U.S. dollar strength reveals risks in the global financial system and will continue to pressure weaker markets, companies and nations.

Any questions related to the MD&A or financial statements should be directed to University of Houston, Office of the Treasurer, P.O. Box 988, Houston, Texas 77001-0988.

The Basic Financial Statements

University of Houston System
Endowment Fund
Statements of Net Position
August 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 42,619,803	\$ 33,497,641
Interest and dividends receivable	569,718	585,650
Receivables for investments sold	-	561,742
Total current assets	43,189,521	34,645,033
Noncurrent assets:		
Investments	984,595,013	1,059,387,047
Total assets	1,027,784,534	1,094,032,080
Liabilities		
Current liabilities:		
Payable for investments purchased	2,306,560	1,025,638
Due to other components	41,266,169	35,964,451
Total liabilities	43,572,729	36,990,089
Net Position		
Restricted for nonexpendable endowments	695,670,162	735,191,126
Restricted for expendable endowments	60,434,582	67,632,780
Unrestricted	228,107,061	254,218,085
Total net position	\$ 984,211,805	\$ 1,057,041,991

University of Houston System Endowment Fund

Statements of Revenues, Expenses and Changes in Net Position Years Ended August 31, 2022 and 2021

	2022	2021
Operating Revenues	\$ -	\$ -
Operating Expenses	-	-
Operating income	0	0
Non-operating Revenues (Expenses)		
Interest and investment income	18,233,369	13,494,126
Net realized and unrealized appreciation (depreciation)	(88,273,792)	259,452,351
Other non-operating expenses	(48,230,386)	(44,054,743)
Total non-operating revenues (expenses)	(118,270,809)	228,891,734
Contributions to Endowments	45,440,623	34,349,600
Change in Net Position	(72,830,186)	263,241,334
Net Position, Beginning of Year	1,057,041,991	793,800,657
Net Position, End of Year	\$ 984,211,805	\$ 1,057,041,991

**University of Houston System
Endowment Fund
Statements of Cash Flows
Years Ended August 31, 2022 and 2021**

	2022	2021
Cash Flows From Operating Activities	\$ 0	\$ 0
Cash Flows From Noncapital and Related Financing Activities		
Contributions to endowments	45,440,623	34,349,600
Increase in due to other components	5,301,718	1,770,012
Net cash provided by noncapital and related financing activities	50,742,341	36,119,612
Cash Flows From Capital and Related Financing Activities	0	0
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	2,862,954,591	2,835,416,728
Payments to purchase investments	(2,915,843,909)	(2,876,147,664)
Interest and dividends received on investments	18,235,771	13,566,742
Payments for asset management and stewardship	(6,966,632)	(8,090,291)
Net cash used in investing activities	(41,260,179)	(35,254,485)
Increase in Cash and Cash Equivalents	9,122,162	865,127
Cash and Cash Equivalents, Beginning of Year	33,497,641	32,632,514
Cash and Cash Equivalents, End of Year	\$ 42,619,803	\$ 33,497,641

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

1) Reporting Entity

University of Houston System (the System) is an agency of the State of Texas, established by the State of Texas to provide undergraduate and graduate university instruction, scholarly research and public service in the Houston, Texas area. The System is the State of Texas' only metropolitan higher education system, encompassing four universities and two multi-institution teaching centers. University of Houston System Endowment Fund (the Endowment Fund) is a fund group of the System reporting entity, with the earliest endowment having been established in 1950. The accompanying financial statements present only the Endowment Fund of the System as of August 31, 2022 and 2021, the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Endowment Fund is a fund group that accounts for all of the System's endowment assets pooled together to ensure better management and uniform accountability for those assets. The Endowment Fund provides financial support for the System's students and the System's research endeavors. The Endowment Fund is presently comprised of approximately 2,046 restricted and unrestricted endowment funds located in the System's four universities and multi-institution teaching centers. Restricted endowment funds are funds with respect to which a donor or other outside entity has stipulated that the principal be maintained inviolate and in perpetuity, and that only the income from the investments is available for expenditure. Unrestricted endowment funds consist of funds for which the donor did not impose any restriction as to their use, as well as funds that are designated by the System's Board of Regents, rather than the donor, to function as endowment funds. The principal of these funds may be expended at the discretion of the System's Board of Regents.

2) Summary of Significant Accounting Policies

(a) General

All financial accounting records of the Endowment Fund are maintained by the System's Office of the Associate Vice Chancellor for Finance in accordance with accounting principles generally accepted in the United States of America for colleges and universities.

(b) Basis of Accounting and Presentation

The Endowment Fund is reported as a single-purpose business-type activity entity. The financial statements of the Endowment Fund have been prepared using the economic resources measurement focus and accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they are incurred.

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

(c) *Cash and Cash Equivalents*

The Endowment Fund believes the carrying value of cash and temporary investments approximates fair value. The Endowment Fund considers investments purchased with a maturity of three months or less from the statements of net position date to be cash equivalents.

(d) *Investments*

In accordance with GASB No. 72, *Fair Value Measurement and Application*, investments are recorded at fair value. Fair value is based on published closing market prices on the last trading day of the fiscal year. In the case of pooled funds or mutual funds, the fair value is determined as the number of units or shares held in the fund multiplied by the price per unit or share as publicly quoted. Investments in which a public market does not exist are based on the Endowment Fund's ownership interest in the net asset value (NAV) of each fund as reported by the fund managers. When fund managers do not provide the NAV of each fund at fiscal year-end, the fair value is estimated by the System using the most recent statement and adding contributions and subtracting the distributions during the intervening period. In accordance with GASB No. 52, *Land and Other Real Estate Held as Investments by Endowments*, land and other real estate held as investments are recorded at fair value. Chapter 163 of the Texas Property Code (also cited as the *Uniform Prudent Management of Institutional Funds Act*) grants the System the authority to spend net appreciation.

Because of inherent uncertainties of valuations, management's and fund managers' estimates of fair value may differ from the values that would have been used had a ready market existed.

Investments received as gifts are initially recorded at estimated fair value based on appraised values or broker closing prices for stocks at the date of the gift.

Short-term investments comprise U.S. Government obligations and corporate obligations with a maturity date of less than one year as of the statements of net position date.

(e) *Net Position*

The Endowment Fund's net position is classified as follows:

Restricted for nonexpendable endowments: Net position for restricted nonexpendable endowment funds are maintained permanently by the System following the externally imposed stipulations.

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Restricted for expendable endowments: Net position for restricted expendable endowment funds are those that may be expended for either a stated purpose or for a general purpose subject to externally imposed stipulations.

Unrestricted: Net position for unrestricted endowment funds are donated by third parties or created internally by the System and represent resources that are available without restrictions to the System.

When both restricted and unrestricted resources are available for use, it is the Endowment Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

(f) Revenue Recognition

Contributions to the Endowment Fund and transfers-in from other funds, such as distribution payouts returned by beneficiaries for reinvestment, are recognized as additions to the Endowment Fund's assets. Dividend income is recorded as income on the date the stock traded ex-dividend. Interest is recognized on fixed-income investments on the accrual basis.

Net realized and unrealized appreciation represents both realized and unrealized gains and losses on investments. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gain or loss is computed as the difference between the cost of marketable securities sold and the sale price. The cost of marketable securities sold is determined on specific identification of investments sold. Realized gain is recorded as of the trade date regardless of when the transaction is settled. Unrealized gains or losses are calculated based on the changes in investment fair value between the beginning and end of the fiscal year for investments held since the beginning of the year, or as the difference between the fair value at end-of-year and the purchase cost for investments purchased during the year. Unrealized gains (losses) are determined and recorded as of the fiscal year-end.

The Endowment Fund does not currently earn or incur operating revenues and expenses.

(g) Distribution Payout

Effective September 1, 2018, the System's Board of Regents adopted an endowment payout policy whereby the payout rate is based on a percentage of the fiscal year-end net position averaged over a 12-quarter rolling period. For the fiscal years 2022 and 2021, the payout rate was 4 percent applied to the endowments' average net position balances for the preceding 12 quarters. If an endowment was in existence less than 12 quarters, the average was based

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

on the number of quarters the endowment was in existence. Effective May 1, 2009, no endowment receives a pro rata income distribution from current fiscal year contributions. The payout is calculated and recorded at the end of each fiscal year. Actual endowment return earned in excess of distributions is reinvested. For years actual endowment return is less than the distribution payout, the shortfall is covered by realized returns from prior years.

(h) Institutional Advancement Assessment

The System will annually assess a reasonable fee against the earnings of specified endowment funds to offset expenses associated with gift acquisition and fundraising at the component universities. The System's Board of Regents shall annually review and approve the fee. The fee will be based as a percentage of the fiscal year-end market value averaged over rolling 12 quarter periods. For the fiscal years 2022 and 2021, the assessment fee was 1.2 percent. If an endowment has been in existence less than 12 quarters, the average will be based on the number of quarters in existence.

The assessment is made at the end of each fiscal year to make funds available for the System's institutional advancement activities in the following fiscal year. The total amount assessed for the years ended August 31, 2022 and 2021, was \$7,700,399 and \$6,797,953, respectively.

(i) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

3) Authorized Investments

The System's Board of Regents is charged with the fiduciary responsibility for preserving and augmenting the value of the Endowment Fund. The System retains the services of a custodial financial institution under a master trust custodian agreement, as well as the services of independent investment managers each of whom plays a part in meeting the System's goals over a variety of capital market cycles. The System's Board of Regents has adopted a written investment policy, including investment manager guidelines for each of the separately invested accounts of the Endowment Fund, regarding the investment of endowment assets as defined in the System's

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Investment Policies. The primary long-term financial objective for the Endowment Fund is to preserve the real (inflation adjusted) purchasing power of endowment assets when measured over rolling periods of at least five years. The medium term objective is to outperform each of the capital markets in which the endowment assets are invested, measured over rolling periods of three to five years or complete market cycles, with emphasis on whichever measure is longer.

4) Derivatives

Derivatives are investment products that may be a security or contract that derives its value from another security, currency, commodity or index, regardless of the source of funds used. The Endowment Fund did not directly invest in derivatives during the years ended August 31, 2022 or 2021, and held no direct derivative instruments at August 31, 2022 or 2021.

5) Cash and Investments

(a) *Composition of Cash and Cash Equivalents*

Cash and cash equivalents consist of money market funds and securities maturing within three months totaling \$42,619,803 and \$33,497,641 at August 31, 2022 and 2021, respectively. The money market funds are invested in commercial paper, certificates of deposit, repurchase agreements, corporate notes, time deposits and similar short-term investments considered generally acceptable and prudent for money market funds.

Cash and cash equivalents included in the statements of net position consist of the items reported below:

	2022	2021
Cash	\$ 3,013,546	\$ 815,665
Money market funds	39,606,257	32,681,976
Total cash and cash equivalents	\$ 42,619,803	\$ 33,497,641

(b) *Reconciliation of Cash and Investments to Statements of Net Position*

Total cash and investments at August 31, 2022 and 2021, are as follows.

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Type of Security	Fair Value	
	2022	2021
Cash	\$ 3,013,546	\$ 815,665
Money market funds	39,606,257	32,681,976
U.S. Government obligations	18,167,977	29,517,262
U.S. Government agencies	6,194,614	6,481,117
Fixed income (non-government/agency)	20,722,909	32,448,810
U.S. equity securities	234,530,287	257,949,088
Global equities excluding U.S.	178,755,686	198,737,787
Hedged equity funds	32,200,534	19,237,644
Inflation hedge funds (including REITs)	30,866,788	31,147,643
Absolute return funds	35,878,285	42,067,944
Private equity investments	427,277,933	441,799,752
Total investments	1,027,214,816	1,092,884,688
Less cash and cash equivalents	(42,619,803)	(33,497,641)
Total non-current investments	<u>\$ 984,595,013</u>	<u>\$ 1,059,387,047</u>

(c) Investment Maturities

As of August 31, 2022 and 2021, the Endowment Fund had the following investments and weighted-average maturities:

Investment Type	2022		2021	
	Fair Value	Weighted-average Maturity (Years)	Fair Value	Weighted-average Maturity (Years)
U.S. Government obligations ⁽¹⁾	\$ 18,167,977	3.70	\$ 29,517,262	2.54
U.S. Government agencies ⁽¹⁾	6,194,614	20.86	6,481,117	22.20
U.S. fixed income (non-government/agency) ⁽¹⁾	20,722,909	13.06	32,448,810	11.41
Equity, mutual funds, other investments	<u>982,129,316</u>	Untenured	<u>1,024,437,499</u>	Untenured
Total investments at fair value	<u>\$ 1,027,214,816</u>		<u>\$ 1,092,884,688</u>	
Weighted-average maturity of tenured portfolio		10.10		8.6

(1) Includes tenured securities classified as cash equivalents and short-term investments.

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

(d) *Asset Selection and Allocation*

The Endowment Fund's Statement of Investment Objectives and Policies governs the overall allocation of endowment funds to asset classes and considerations of limits to investment risk exposures. Allocation of funds to asset classes is based on expected returns, risk levels, desired risk diversification, interaction of various asset classes, and income generation and capital appreciation potentials of each asset class. The market value of investments in each asset class is maintained within an approved range of ratios to the market value of the endowment fund's total investments, except, for minor deviations due to fluctuations in market value. The Endowment Management Committee monitors asset allocation targets and limits and may authorize the reallocation of funds among investment managers. The Endowment Fund currently invests in a broad array of asset classes in order to diversify the portfolio's risk. Marketable securities, such as domestic or international common stocks, domestic bonds, equity money market funds and cash equivalents comprise 54 percent and 52 percent of the overall investment portfolio (portfolio) at the end of fiscal years 2022 and 2021. Marketable alternative investments (*i.e.*, inflation hedges, commingled funds invested in marketable securities, absolute return and hedged equity) represent 10 percent and 8 percent of the portfolio, and non-marketable alternative investments (*i.e.* venture capital, private equity, real estate, natural resources, energy) constitute 36 percent and 40 percent of the portfolio on a funded basis. The Endowment Fund's overall investment risk is diversified by asset class and within each class by strategy, economic sector, geography, industry, market capitalization, manager and with regard to non-marketable alternatives, by vintage year as well. Such diversification is aimed at managing the risks specifically associated with any single strategy, economic sector, geographic area, industry, vintage year or manager.

(e) *Investment Related Risks*

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Endowment Fund will not be able to recover its deposits. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Endowment Fund will not be able to recover the value of its investment or collateral securities that may be in the possession of another party. Securities owned by the endowment but held in custody by the endowment custodian may be lent to other parties through a contract between the System and the custodian pursuant to a written agreement approved by the Board of Regents. As of August 31, 2022 and 2021, the System did not have a securities-lending agreement with its custodian. Managers may not enter into securities-lending agreements without the consent of the Board of Regents. The System recognizes, however, that, for those investments placed in commingled vehicles, the Board of Regents cannot dictate whether or not the manager will engage in securities lending. Therefore, the System and its investment consultant make every effort either to avoid commingled investments, or to otherwise limit investment to those managers who will not engage in securities lending. The limited partnerships of marketable and non-marketable alternative investments are excluded from this limitation. At August 31, 2022 and 2021, the

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Endowment Fund's total investments at fair value under a master trust custodian agreement with a third-party financial institution was \$481,550,852 and \$562,027,931, respectively. The third-party custodian operates its business world-wide and, at August 31, 2022 and 2021, held risk insurance contracts with various local and foreign insurance organizations providing coverage for loss due to theft, fraud and damage to securities while in the custodian's custody; loss of securities while in transit; property damage; and loss due to business interruption, acts of terrorism, officer negligence and general liability. The insurance coverage limits ranged from \$1,000,000 to \$500,000,000. The coverage did not protect against market risks and fluctuations associated with market investments.

At August 31, 2022 and 2021, the Endowment Fund's investments at fair value not covered by the master trust custodian agreement were \$503,044,161 and \$497,359,116, respectively. These investments were under various custodian agreements between the investment managers and the investment funds or limited partnerships in which the Endowment Fund is invested. The investments are subject to custodial risks associated with those independent investment managers, and to market risks and fluctuations associated with market investments. The System controls these risks through its credit and concentration risk policies as described in the credit risk and concentration of credit risk paragraph below.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The System's investment policy, by way of the investment manager guidelines, requires the weighted average duration of the portfolio should remain in a range of a minimum of 90 percent and a maximum of 110 percent of the Barclays Aggregate Bond Index for active fixed income managers in which a separate account structure exists. The System's investment policy is driven primarily by the goal to preserve the long-term real (inflation adjusted) purchasing power of endowment assets while achieving short-term maximum earnings with an acceptable level of risk. In order to balance these two primary goals, the Board of Regents is closely involved in managing the exposure to declines in investment fair value and earnings.

Credit Risk and Concentration of Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures, and amendment to GASB Statement No. 3*, unless there is information to the contrary, obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. In accordance with the System's investment policy and manager guidelines, where applicable, investments in securities within the fixed income allocation of the portfolio must have an average portfolio credit quality of "AA" or better, although active managers may choose to hold select investment grade securities with lower ratings. Securities should be readily marketable and

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

liquid. The investment manager guidelines, where applicable, limit the amount each active manager may invest in any one issuer.

Other than U.S. Government securities (including agency securities), no security may be purchased so that it will constitute more than 5 percent of the market value of the portfolio; however, obligations issued or guaranteed by the full faith and credit of the U.S. Government may be held without limitation. The System's endowment funds also include an allocation to alternative investments, which by their nature, include higher levels of risk, including credit and concentration of credit risk, with the expectation of higher returns relative to traditional equities and fixed income securities. The investment policy does not specify limits as to credit quality or concentration for alternatives as these investments may include highly concentrated positions and may include investing in companies that are either privately held or in financial distress.

The credit quality (ratings) of tenured securities and concentration of credit exposure as a percentage of total investments as of August 31, 2022, are as follows:

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
U S Treasury Note	0.13%	10/15/2023	\$ 1,373,116	NA	0.13%
U S Treasury Note	0.13%	01/15/2024	2,742,744	NA	0.27%
U S Treasury Note	0.13%	01/31/2023	3,170,132	NA	0.31%
U S Treasury Note	0.38%	01/31/2026	1,238,957	NA	0.12%
U S Treasury Note	1.25%	04/30/2028	321,581	NA	0.03%
U S Treasury Note	1.63%	05/15/2031	363,202	NA	0.04%
U S Treasury Note	0.25%	06/15/2024	1,157,343	NA	0.11%
U S Treasury Note	1.38%	11/15/2031	335,064	NA	0.03%
U S Treasury Note	1.25%	12/31/2026	3,280,562	NA	0.32%
U S Treasury Note	1.88%	02/15/2032	905,526	NA	0.09%
U S Treasury Note	2.88%	05/15/2032	1,207,015	NA	0.12%
U S Treasury Note	2.63%	05/31/2027	72,750	NA	0.01%
U S Treasury Note	3.25%	06/30/2029	793,760	NA	0.08%
U S Treasury Note	3.25%	06/30/2027	1,206,225	NA	0.12%
FHLMC POOL #G0-1837	5.00%	07/01/2035	13,815	NA	0.00%
FHLMC POOL #G0-8588	4.00%	05/01/2044	32,923	NA	0.00%
FHLMC POOL #G0-8615	3.50%	11/01/2044	13,294	NA	0.00%
FHLMC POOL #G0-8667	3.50%	09/01/2045	104,654	NA	0.01%
FHLMC POOL #G0-8698	3.50%	03/01/2046	62,306	NA	0.01%
FHLMC POOL #G0-8699	4.00%	03/01/2046	106,779	NA	0.01%
FHLMC POOL #G0-8681	3.50%	12/01/2045	232,048	NA	0.02%
FHLMC POOL #G0-8687	3.50%	01/01/2046	339,711	NA	0.03%

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
FHLMC POOL #G0-8732	3.00%	11/01/2046	\$ 381,734	NA	0.04%
FHLMC POOL #G0-8707	4.00%	05/01/2046	150,351	NA	0.01%
FHLMC POOL #G0-8747	3.00%	02/01/2047	379,746	NA	0.04%
FHLMC POOL #G1-8561	3.00%	07/01/2030	5,745	NA	0.00%
FHLMC POOL #SB-8186	4.50%	09/01/2037	682,775	NA	0.07%
FHLMC POOL #SD-7524	3.00%	08/01/2050	878,238	NA	0.09%
FHLMC POOL #G6-7702	4.00%	01/01/2047	560,370	NA	0.05%
FHLMC POOL #G6-0024	3.50%	05/01/2043	59,416	NA	0.01%
FNMA POOL #0254903	5.00%	10/01/2033	59,864	NA	0.01%
FHLMC MULTICLASS MTG 5231 VA	4.00%	07/25/2033	347,679	NA	0.03%
FNMA POOL #0555330	5.50%	04/01/2033	33,029	NA	0.00%
FNMA POOL #0AH3384	3.50%	01/01/2041	298,853	NA	0.03%
FNMA POOL #0AL0160	4.50%	05/01/2041	69,933	NA	0.01%
FNMA POOL #0AL1697	4.00%	10/01/2041	8,239	NA	0.00%
FNMA POOL #0AL3519	4.50%	11/01/2041	9,591	NA	0.00%
FNMA POOL #0AL3322	4.00%	02/01/2043	10,702	NA	0.00%
FNMA POOL #0AL3802	3.00%	02/01/2028	62,365	NA	0.01%
FNMA POOL #0AL4911	3.00%	10/01/2027	27,754	NA	0.00%
FNMA POOL #0AL7306	4.50%	09/01/2042	38,561	NA	0.00%
FNMA POOL #0AL7521	5.00%	06/01/2039	254,351	NA	0.02%
FNMA POOL #0AL7767	4.50%	06/01/2044	114,929	NA	0.01%
FNMA POOL #0AL9578	4.00%	06/01/2045	15,509	NA	0.00%
FNMA POOL #0AL8383	4.50%	10/01/2045	19,760	NA	0.00%
FNMA POOL #0AS5696	3.50%	08/01/2045	24,070	NA	0.00%
FNMA POOL #0725231	5.00%	02/01/2034	9,822	NA	0.00%
FNMA POOL #0725690	6.00%	08/01/2034	17,962	NA	0.00%
FNMA POOL #0725704	6.00%	08/01/2034	20,322	NA	0.00%
FNMA POOL #0725773	5.50%	09/01/2034	64,226	NA	0.01%
FNMA POOL #0735925	5.00%	10/01/2035	72,737	NA	0.01%
FNMA POOL #0745428	5.50%	01/01/2036	42,232	NA	0.00%
FNMA POOL #0BM1909	4.00%	02/01/2045	220,583	NA	0.02%
FNMA POOL #0995112	5.50%	07/01/2036	17,323	NA	0.00%
FNMA POOL #0MA3088	4.00%	07/01/2047	53,128	NA	0.01%
FNMA POOL #0AD0198	5.50%	09/01/2038	22,532	NA	0.00%
FNMA POOL #0AD7128	4.50%	07/01/2040	53,802	NA	0.01%
FNMA POOL #0AE0698	4.50%	12/01/2040	7,249	NA	0.00%
FNMA POOL #0AE0949	4.00%	02/01/2041	53,318	NA	0.01%

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
GNMA II POOL #0MA3663	3.50%	05/20/2046	\$ 109,320	NA	0.01%
GNMA II POOL #0005056	5.00%	05/20/2041	30,964	NA	0.00%
Amazon.Com Inc	3.45%	04/13/2029	402,259	AA	0.04%
American Express Co	4.05%	05/03/2029	315,867	BBB+	0.03%
Apple Inc	3.35%	02/09/2027	354,294	AA+	0.03%
Autonation Inc	3.85%	03/01/2032	442,416	BBB-	0.04%
Baker Hughes Holdings Llc /Ba	3.34%	12/15/2027	192,079	A-	0.02%
Bank Of America Corp	3.42%	12/20/2028	677,331	A-	0.07%
Bank Of America Corp	3.12%	10/24/2031	356,818	A-	0.03%
Bank 2021-Bnk31 Bn31 A4	2.04%	02/15/2054	534,317	AAA	0.05%
Bank 2018-Bnk12 Bn12 As	4.49%	05/15/2061	326,002	AAA	0.03%
Blackstone Private Credit Fund	2.63%	12/15/2026	528,600	BBB-	0.05%
California St	4.60%	04/01/2038	377,768	AA-	0.04%
Capital One Prime Auto Re 1 A3	2.51%	11/15/2023	10,333	AAA	0.00%
Citigroup Inc	3.98%	03/20/2030	285,828	BBB+	0.03%
Citigroup Inc	3.79%	03/17/2033	207,287	BBB+	0.02%
Expedia Group Inc	2.95%	03/15/2031	633,143	BBB-	0.06%
Meta Platforms Inc 144A	3.50%	08/15/2027	548,864	AA-	0.05%
General Motors Financial Co In	2.70%	08/20/2027	431,218	BBB	0.04%
Goldman Sachs Group Inc/The	2.60%	02/07/2030	347,721	BBB+	0.03%
Goldman Sachs Group Inc/The	2.64%	02/24/2028	317,867	BBB+	0.03%
Home Depot Inc/The	0.90%	03/15/2028	106,346	A	0.01%
Home Partners Of Amer 3 A 144A	2.20%	01/17/2041	331,231	NA	0.03%
Honda Auto Receivables 20 2 A3	2.52%	06/21/2023	6,492	NA	0.00%
Intel Corp	1.60%	08/12/2028	281,967	A+	0.03%
Jpmorgan Chase & Co	4.01%	04/23/2029	582,866	A-	0.06%
Jpmorgan Chase & Co	2.99%	06/01/2029	338,179	A-	0.03%
J.P. Morgan Mortgag 4 A12 144A	3.00%	10/25/2052	561,316	NA	0.05%
Kyndryl Holdings Inc 144A	3.15%	10/15/2031	528,832	BBB-	0.05%
Merck & Co Inc	2.15%	12/10/2031	444,189	A+	0.04%

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
Morgan Stanley Bank Of C32 A4	3.72%	12/15/2049	\$ 873,639	NA	0.09%
Morgan Stanley Capital I L5 A4	2.73%	05/15/2054	786,285	AAA	0.08%
Morgan Stanley Morgan Stanley Bank Of	2.94%	01/21/2033	422,289	A-	0.04%
C29 A4	3.33%	05/15/2049	624,631	NA	0.06%
Nov Inc	3.60%	12/01/2029	628,861	BBB	0.06%
National Rural Utilities Coope	4.15%	12/15/2032	465,456	A-	0.05%
New York City Ny Transitional	3.55%	08/01/2028	441,559	AAA	0.04%
Public Storage	2.25%	11/09/2031	609,210	A	0.06%
Simon Property Group Lp	2.20%	02/01/2031	417,914	A-	0.04%
Southern California Edison Co	3.50%	10/01/2023	74,668	A-	0.01%
Southern California Edison Co	4.20%	03/01/2029	82,299	A-	0.01%
Target Corp	1.95%	01/15/2027	321,564	A	0.03%
Towd Point Mortgage 2 A1 144A	3.25%	03/25/2058	350,730	NA	0.03%
Triton Container Fin 1A A 144A	2.11%	09/20/2045	555,068	A	0.05%
United Airlines 2018-1 Class A	3.50%	09/01/2031	114,273	NA	0.01%
United Airlines 2016-1 Class A	3.10%	01/07/2030	184,133	NA	0.02%
Utah St	4.55%	07/01/2024	80,872	AAA	0.01%
Verizon Communications Inc	2.55%	03/21/2031	748,356	BBB+	0.07%
Vmware Inc	3.90%	08/21/2027	888,503	BBB-	0.09%
Vornado Realty Lp	2.15%	06/01/2026	467,062	BBB-	0.05%
Wfrbs Commercial Mortga C12 As	3.56%	03/15/2048	595,320	AAA	0.06%
Wfrbs Commercial Mortga C13 As	3.35%	05/15/2045	49,333	NA	0.00%
Wisconsin Power And Light Co	3.95%	09/01/2032	469,454	A	0.05%

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

The credit quality (ratings) of tenured securities and concentration of credit exposure as a percentage of total investments as of August 31, 2021, are as follows:

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
U S Treasury Note	1.75%	06/30/2022	\$ 11,785,774	NA	1.08%
U S Treasury Note	0.13%	10/15/2023	448,978	NA	0.04%
U S Treasury Note	0.13%	01/15/2024	3,984,520	NA	0.36%
U S Treasury Note	0.13%	01/31/2023	6,148,586	NA	0.56%
U S Treasury Note	0.38%	01/31/2026	2,011,318	NA	0.18%
U S Treasury Note	1.25%	04/30/2028	506,955	NA	0.05%
U S Treasury Note	1.63%	05/15/2031	587,721	NA	0.05%
U S Treasury Note	0.25%	06/15/2024	1,704,784	NA	0.16%
U S Treasury Note	1.25%	08/15/2031	2,338,626	NA	0.21%
FHLMC Pool #G0-1837	5.00%	07/01/2035	19,064	NA	0.00%
FHLMC Pool #G0-8588	4.00%	05/01/2044	50,482	NA	0.00%
FHLMC Pool #G0-8615	3.50%	11/01/2044	20,129	NA	0.00%
FHLMC Pool #G0-8667	3.50%	09/01/2045	165,006	NA	0.02%
FHLMC Pool #G0-8698	3.50%	03/01/2046	99,414	NA	0.01%
FHLMC Pool #G0-8699	4.00%	03/01/2046	169,567	NA	0.02%
FHLMC Pool #G0-8681	3.50%	12/01/2045	363,550	NA	0.03%
FHLMC Pool #G0-8687	3.50%	01/01/2046	533,760	NA	0.05%
FHLMC Pool #G0-8732	3.00%	11/01/2046	586,902	NA	0.05%
FHLMC Pool #G0-8707	4.00%	05/01/2046	240,665	NA	0.02%
FHLMC Pool #G0-8747	3.00%	02/01/2047	561,006	NA	0.05%
FHLMC Pool #G1-8561	3.00%	07/01/2030	8,695	NA	0.00%
FHLMC Pool #G6-7702	4.00%	01/01/2047	827,054	NA	0.08%
FHLMC Pool #G6-0024	3.50%	05/01/2043	89,862	NA	0.01%
FNMA Pool #0254903	5.00%	10/01/2033	84,012	NA	0.01%
FNMA Pool #0555330	5.50%	04/01/2033	51,575	NA	0.00%
FNMA Pool #0Ah3384	3.50%	01/01/2041	450,801	NA	0.04%
FNMA Pool #0A10160	4.50%	05/01/2041	101,456	NA	0.01%
FNMA Pool #0A11697	4.00%	10/01/2041	11,531	NA	0.00%
FNMA Pool #0A13519	4.50%	11/01/2041	14,261	NA	0.00%
FNMA Pool #0A13322	4.00%	02/01/2043	15,785	NA	0.00%
FNMA Pool #0A13802	3.00%	02/01/2028	100,017	NA	0.01%
FNMA Pool #0A14911	3.00%	10/01/2027	44,287	NA	0.00%
FNMA Pool #0A17306	4.50%	09/01/2042	55,094	NA	0.01%
FNMA Pool #0A17521	5.00%	06/01/2039	359,365	NA	0.03%
FNMA Pool #0A17767	4.50%	06/01/2044	174,825	NA	0.02%
FNMA Pool #0A19578	4.00%	06/01/2045	22,958	NA	0.00%

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
FNMA Pool #0A18383	4.50%	10/01/2045	\$ 28,084	NA	0.00%
FNMA Pool #0As5696	3.50%	08/01/2045	38,490	NA	0.00%
FNMA Pool #0725231	5.00%	02/01/2034	13,811	NA	0.00%
FNMA Pool #0725690	6.00%	08/01/2034	24,758	NA	0.00%
FNMA Pool #0725704	6.00%	08/01/2034	27,899	NA	0.00%
FNMA Pool #0725773	5.50%	09/01/2034	89,636	NA	0.01%
FNMA Pool #0735925	5.00%	10/01/2035	103,741	NA	0.01%
FNMA Pool #0745428	5.50%	01/01/2036	59,111	NA	0.01%
FNMA Pool #0Bm1909	4.00%	02/01/2045	318,417	NA	0.03%
FNMA Pool #0995112	5.50%	07/01/2036	24,090	NA	0.00%
FNMA Pool #0Ma3088	4.00%	07/01/2047	88,557	NA	0.01%
FNMA Pool #0Ad0198	5.50%	09/01/2038	31,383	NA	0.00%
FNMA Pool #0Ad7128	4.50%	07/01/2040	79,446	NA	0.01%
FNMA Pool #0Ae0698	4.50%	12/01/2040	10,564	NA	0.00%
FNMA Pool #0Ae0949	4.00%	02/01/2041	77,486	NA	0.01%
GNMA Ii Pool #0Ma3663	3.50%	05/20/2046	175,762	NA	0.02%
GNMA Ii Pool #0005056	5.00%	05/20/2041	43,539	NA	0.00%
GNMA Ii Pool #0005116	5.00%	07/20/2041	25,220	NA	0.00%
Abbvie Inc	2.85%	05/14/2023	93,356	BBB+	0.01%
Apple Inc	0.70%	02/08/2026	552,303	AA+	0.05%
Baker Hughes A Ge Co Llc / Bak	3.34%	12/15/2027	314,446	A-	0.03%
Bank Of America Corp	3.42%	12/20/2028	1,103,972	A-	0.10%
Bank Of America Corp	1.92%	10/24/2031	607,532	A-	0.06%
Bank 2021-Bnk31 Bn31 A4	2.04%	02/15/2054	646,854	AAA	0.06%
Bank 2018-Bnk12 Bn12 As	4.49%	05/15/2061	392,064	AAA	0.04%
Cvs Health Corp	4.30%	03/25/2028	237,232	BBB	0.02%
California St	4.60%	04/01/2038	440,265	AA-	0.04%
Capital One Prime Auto Re 1 A3	2.51%	11/15/2023	454,488	AAA	0.04%
Carmax Auto Owner Trust 20 4 B	2.46%	08/15/2023	201,040	AAA	0.02%
Citigroup Inc	3.98%	03/20/2030	477,036	BBB+	0.04%
Citigroup Inc	3.35%	04/24/2025	426,320	BBB+	0.04%
Comm 2013-Lc6 Mortgage Lc6 A4	2.94%	01/10/2046	313,535	AAA	0.03%
Costco Wholesale Corp	1.60%	04/20/2030	625,584	A+	0.06%
Cummins Inc	0.75%	09/01/2025	557,850	A+	0.05%
Dell International Llc / Emc C	4.90%	10/01/2026	427,931	BBB-	0.04%
Eastern Energy Gas Holdings LI	2.50%	11/15/2024	612,940	A	0.06%

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
Expedia Group Inc	2.95%	03/15/2031	\$ 1,058,502	BBB-	0.10%
General Electric Co	3.63%	05/01/2030	730,905	BBB+	0.07%
General Motors Financial Co In	2.70%	08/20/2027	699,634	BBB	0.06%
Gm Financial Consumer Aut 4 A3	3.21%	10/16/2023	339,891	AAA	0.03%
Goldman Sachs Group Inc/The	4.22%	05/01/2029	526,760	BBB+	0.05%
Goldman Sachs Group Inc/The	2.60%	02/07/2030	583,845	BBB+	0.05%
Healthpeak Properties Inc	2.88%	01/15/2031	465,208	BBB+	0.04%
Home Depot Inc/The	0.90%	03/15/2028	165,286	A	0.02%
Honda Auto Receivables 20 2 A3	2.52%	06/21/2023	175,902	NA	0.02%
Hyundai Auto Receivables T B C	2.44%	05/15/2024	170,660	AAA	0.02%
Intel Corp	1.60%	08/12/2028	447,701	NA	0.04%
Jpmorgan Chase & Co	4.01%	04/23/2029	964,682	A-	0.09%
Jpmorgan Chase & Co	2.07%	06/01/2029	552,450	A-	0.05%
Kohl's Corp	3.38%	05/01/2031	1,290,922	BBB-	0.12%
Marathon Oil Corp	4.40%	07/15/2027	1,028,691	BBB-	0.09%
Marriott International Inc/Md	4.63%	06/15/2030	1,333,350	BBB-	0.12%
Metlife Inc	3.00%	03/01/2025	460,883	A-	0.04%
Morgan Stanley Bank Of C32 A4	3.72%	12/15/2049	1,402,657	NA	0.13%
Morgan Stanley Capital I L5 A4	2.73%	05/15/2054	1,323,390	AAA	0.12%
Morgan Stanley Morgan Stanley Bank Of C29 A4	3.63%	01/20/2027	316,743	BBB+	0.03%
	3.33%	05/15/2049	701,103	NA	0.06%
New York City Ny Transitional	3.55%	08/01/2028	520,042	AAA	0.05%
Phillips 66 Partners Lp	3.75%	03/01/2028	218,540	BBB	0.02%
Simon Property Group Lp	2.20%	02/01/2031	698,110	A-	0.06%
Southern California Edison Co	3.50%	10/01/2023	110,704	A-	0.01%
Southern California Edison Co	4.20%	03/01/2029	130,335	A-	0.01%
Southwest Airlines Co	5.13%	06/15/2027	1,034,804	BBB	0.09%
Sysco Corp	5.95%	04/01/2030	696,163	BBB-	0.06%
Towd Point Mortgage 2 A1 144A	3.25%	03/25/2058	569,601	NA	0.05%
Toyota Auto Receivables 2 B A3	2.96%	09/15/2022	50,187	AAA	0.00%
United Airlines 2018-1 Class A	3.50%	09/01/2031	140,955	NA	0.01%

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
United Airlines 2016-1 Class A	3.10%	01/07/2030	\$ 315,987	NA	0.03%
Viatis Inc 144A	1.65%	06/22/2025	137,182	BBB-	0.01%
Utah St	4.55%	07/01/2024	139,339	AAA	0.01%
Verizon Communications Inc	1.50%	09/18/2030	221,867	BBB+	0.02%
Verizon Communications Inc	2.55%	03/21/2031	1,260,748	BBB+	0.12%
Vmware Inc	3.90%	08/21/2027	1,042,204	BBB-	0.10%
Vornado Realty Lp	2.15%	06/01/2026	747,389	BBB-	0.07%
Wfrbs Commercial Mortga C12 As	3.56%	03/15/2048	623,754	AAA	0.06%
Wfrbs Commercial Mortga C13 As	3.35%	05/15/2045	51,677	NA	0.00%
Oracle Corp	1.90%	09/15/2021	515,309	BBB+	0.05%

(f) Alternative Investments

Investments reported at fair value of approximately \$503,044,161 and \$497,356,890, as of August 31, 2022 and 2021, respectively, are not publicly traded and have been estimated by management and fund managers in the absence of readily available market values. These funds are invested with external investment managers, generally in commingled funds, limited liability partnerships or corporations in which the System has an interest, who invest, for example, in hedge funds, real estate, natural resources, private equity, managed futures and distressed opportunities. These investments are domestic and international in nature and some of the investments may not be realized for a period of several years after the investments are made. Risks associated with these investments include liquidity risk, market risk, event risk, foreign exchange risk, interest rate risk and investment manager risk. More specifically, the risks include the following:

Non-regulation risk – Historically, these funds were not required to register with the Securities and Exchange Commission (SEC) and, therefore, were not subject to regulatory control. With the passage of the Dodd-Frank Act of 2010, almost all alternative investment managers are required to register with the SEC under the Investment Advisers Act of 1940. As of August 31, 2022, the Endowment Fund has no specific policy statement with respect to non-regulation risk. The policy does contain limitations on the percent that can be allocated to alternative investments.

Managerial risk – Fund managers for non-publicly traded investments may fail to produce the intended returns and are not subject to oversight. However, the fund managers are subject to oversight by the Endowment Fund. The Endowment Fund has no specific policy statement with respect to managerial risk for alternative investments. However, the Endowment Fund diversifies across managers to mitigate systematic and organizational risk without creating

University of Houston System Endowment Fund

Notes to Basic Financial Statements

August 31, 2022 and 2021

over-diversification. The Endowment Fund further attempts to mitigate managerial risk by emphasizing the qualitative evolution of managers, discouraging the use of significant leverage, emphasizing managers with a demonstrated skill in generating returns.

Liquidity risk – Many of the Endowment Fund's investment funds impose restrictions on redemptions or require multi-year lock-up periods that restrict investors from redeeming their shares or may impose penalties to redeem. The Endowment Fund has no specific policy statement with respect to liquidity risk. The policy does contain limitations on the percent that can be allocated to alternative investments and liquidity is measured.

Limited transparency – Any unregistered investment vehicles are not required to disclose the holdings in their portfolios to investors. This risk is mitigated somewhat by the Dodd-Frank Act of 2010 and the increased transparency provided by the requirement to file Form ADV with the SEC. The Endowment Fund has no specific policy statement with respect to transparency risk.

Investment strategy risk – Alternative investments often employ sophisticated and more risky investment strategies, as compared to traditional investments, and one or more may use leverage, which could result in volatile returns. To mitigate this risk, emphasis is placed on those managers who have extensive experience in employing these strategies, a demonstrated ability to consistently employ them effectively, and an established track record of superior performance. The Endowment Fund has no specific policy statement with respect to investment strategy risk. The policy does contain limitations on the percent that can be allocated to alternative investments.

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the Endowment Fund's non-U.S. dollar investments. Investment managers may hedge some, all or none of their foreign currency risk. The Endowment Fund has no specific policy statement with respect to foreign currency risk.

6) Fair Value Measurements

The Endowment Fund applies GASB guidance on fair value measurements and disclosures, which requires enhanced disclosure about the investments that are measured and reported at fair value and establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured for actively quoted prices generally will have a high degree of market price observability and a lesser degree of judgment used in measuring fair value.

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

All investments are measured and reported at fair value on a recurring basis and are classified and disclosed in one of the following categories.

Level 1 – Quoted prices in active markets for identical investments.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting data, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs use to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement.

Investments held by the Endowment Fund for which market quotes are readily available are valued based on third-party pricing systems and reported at quoted prices as of the reporting date. Investments held for which market quotes are not readily available are reported based on appraised value. Investments with funds held and invested by external managers where the Endowment Fund holds a share of the external manager's fund are valued and reported at NAV and are not categorized according to fair market value.

Assets at fair value as of August 31, 2022 and 2021, were as follows:

August 31, 2022				
Investment Category	Level 1	Level 2	Level 3	Total
Equities	\$ 45,201,413	\$ -	\$ -	\$ 45,201,413
Externally managed domestic	76,467,289	-	-	76,467,289
Externally managed international	12,005,771	-	-	12,005,771
Fixed income – money market and bond mutual funds	42,619,803	-	-	42,619,803
Corporate obligations	20,722,909	-	-	20,722,909
U.S. Government agencies	6,194,614	-	-	6,194,614
U.S. Government obligations	18,167,977	-	-	18,167,977
Totals	<u>\$ 221,379,776</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 221,379,776</u>

**University of Houston System
Endowment Fund
Notes to Basic Financial Statements
August 31, 2022 and 2021**

August 31, 2021				
Category	Level 1	Level 2	Level 3	Total
Equities	\$ 80,403,115	\$ -	\$ -	\$ 80,403,115
Externally managed domestic	114,443,482	-	-	114,443,482
Externally managed international	15,648,623	-	-	15,648,623
Fixed income – money market and bond mutual funds	33,497,641	-	-	33,497,641
Corporate obligations	32,448,810	-	-	32,448,810
U.S. Government agencies	6,481,117	-	-	6,481,117
U.S. Government obligations	29,517,262	-	-	29,517,262
Totals	<u>\$ 312,430,050</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 312,430,050</u>

Investments measured at NAV as of August 31, 2022 and 2021, were as follows:

August 31, 2022				
Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity funds	\$ 117,221,196	\$ -	As needed	30-60 days
Externally managed domestic	240,739,113	79,490,651	N/A	30-60 days
Externally managed international	267,392,256	44,970,619	N/A	30-60 days
International equities	178,755,686	-	As needed	5 days
Other comingled funds	1,726,789	-	As needed	3 days
Totals	<u>\$ 805,835,040</u>	<u>\$ 124,461,270</u>		

August 31, 2021				
Investment Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity funds	\$ 140,084,727	\$ -	As needed	30-60 days
Externally managed domestic	183,616,211	62,658,387	N/A	30-60 days
Externally managed international	256,094,093	61,374,600	N/A	30-60 days
International equities	198,737,787	-	As needed	5 days
Other comingled funds	1,921,820	-	As needed	3 days
Totals	<u>\$ 780,454,638</u>	<u>\$ 124,032,987</u>		

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

(a) *Equity Funds*

This type includes investments in one fund at August 31, 2022 and 2021, that invests primarily in U.S. equities. Managers have the ability to shift investments from small to large cap stocks and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments. All investments in this category can be redeemed with 30 to 60 days' notice.

(b) *Externally Managed Domestic*

This type includes investments in 41 and 39 funds at August 31, 2022 and 2021, respectively, that invest in inflation hedges, oil and gas, real estate properties, renewable natural resources, public and private equities, health care and venture capital. Managers have the ability to invest in natural resources, venture capital, private equity real estate, multi-strategy funds, and the secondary market. Managers have the ability to shift investments in the portfolio to gain the best advantage in the market. At August 31, 2022 and 2021, respectively, approximately 11 percent and 18 percent of this class is invested in natural resources, 34 percent and 44 percent in venture capital, 11 percent and 10 percent in real estate, 37 percent and 16 percent in private equity and 7 percent and 12 percent in multi strategies. The fair values of the investments in this type have been determined using the NAV per share of the investments. All investments in this category can be redeemed with 30 to 60 days' notice, but early redemption requires complete exit from the fund. Funds in this category have expected maturity dates that range from five to ten years.

(c) *Externally Managed International*

This type includes investments in 42 and 40 funds at August 31, 2022 and 2021, respectively, that invest in inflation hedges, hedged investments, oil and gas, real estate properties, technology, public and private domestic and international equities, fixed income securities, alternative market equities, long and short equities, global secondary and global venture capital. At August 31, 2022 and 2021, respectively, approximately 4 percent and 7 percent of the portfolio is invested in real estate, 59 percent and 47 percent in private equity, 17 percent and 21 percent in venture capital, 8 percent and 6 percent in the secondary market and 12 percent and 19 percent in public and private domestic and global equities. For those managers who invest in equities and real estate, they have the ability to shift investments from long to short term and international to domestic. The fair values of the investments in this type have been determined using the NAV per share of the investments. All investments in this category can be redeemed with 30 to 60 days' notice, but early redemption requires complete exit from the fund. Funds in the category have expected maturity dates that range from five to ten years.

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

(d) Fixed Income Money Market and Bond Mutual Funds

This type includes temporary investments in cash equivalents such as money market funds by managers whose NAV is classified in another category. Managers have the ability to shift investments. The fair values of the investments in this type have been determined using the cash value of the temporary investment. These investments are not intended for redemption as they represent a short-term transaction within a separate category.

(e) International Equities

This type includes investments in five and four funds at August 31, 2022 and 2021, respectively, that invest in international equities. The managers have the ability to shift investments to gain a more favorable outcome. The fair value of the investment in this type has been determined using the NAV per share of the investment. The investment in this category can be redeemed with five days' notice.

(f) Other Comingled Funds

This type includes investments in one fund at August 31, 2022 and 2021, that invests primarily in equities. This equity fund is managed by University of Houston C.T. Bauer College of Business and stocks are traded on a daily basis. The second fund is a bond fund which comprises 95 percent of this category. The fair values of the investments in this type have been determined using the NAV per share of the investments. All investments in this category can be redeemed with three days' notice.

7) Due to Other Components

Due to other components at August 31, 2022 and 2021, consists of the following:

	2022	2021
Payable to System components under the income payout policy	\$ 33,565,770	\$ 29,166,498
Payable to System components for institutional advancement	7,700,399	6,797,953
Total due to other components	\$ 41,266,169	\$ 35,964,451

8) Related-party Transactions

In addition to the transfers-in described in the revenue recognition policy in Note 2, and distributions to other components described in Note 7, the Endowment Fund received in-kind contributions from the System in the form of personnel costs, office facilities, equipment and

University of Houston System Endowment Fund

Notes to Basic Financial Statements August 31, 2022 and 2021

supplies in the fiscal years ended August 31, 2022 and 2021. The total estimated value of these in-kind contributions received from the System was between \$900,000 and \$1,000,000 for fiscal year 2022 and \$941,990 for fiscal year 2021.

9) Administrative Costs

The Endowment Fund pays custodial fees and expenses to the financial institution, which acts as the custodian of the portion of the Endowment Fund's assets managed under a master trust custodian agreement. The fees are based on the number of accounts, market value of the securities and transaction activities in accordance with the master trust custodian agreement.

Additionally, the Endowment Fund incurs asset management fees from the independent investment managers of the Endowment Fund. The fees are generally assessed on a quarterly basis on a percentage of the market value of investments held by each investment manager.

The Endowment Fund incurs other expenses related to its operations primarily consisting of professional service fees and expenses. The total fees and expenses incurred by the Endowment Fund for the fiscal years ended August 31, 2022 and 2021, were \$6,966,632 and \$8,090,291, respectively, and was included in net appreciation of investments on the statements of revenues, expenses and changes in net position.

10) Income Taxes

The System, of which the Fund is a division, is a university established as an agency of the State of Texas prior to 1969, and is qualified as a governmental entity not generally subject to federal income tax by reason of being a state or political subdivision thereof, or an integral part of a state or political subdivision thereof or an entity whose income is excluded from gross income for federal income tax purposes under Section 115 of the Internal Revenue Code of 1986. However, as a state college or university, the System is subject to unrelated business income pursuant to Internal Revenue Code of 1986 Section 511(a)(2)(B). No material unrelated business income tax was incurred for the years ended August 31, 2022 and 2021. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

11) Subsequent Event

In the months subsequent to the fiscal year-end, the U.S. and world's financial markets, as measured by the global stock markets, have continued to be unpredictable. These and other economic events have had an effect on the value of investments held by the Endowment Fund. Interim valuation information is not available for all investments through the date of this report. However, for the Endowment Fund, investment depreciation subsequent to year-end and through October 31, 2022, was \$20,348,822 (unaudited). As of that date, the Endowment Fund's total net position was \$963,862,983 (unaudited).

FORVIS

University of Houston

Independent Accountants' Report on Application of Agreed-upon Procedures

August 31, 2022





2700 Post Oak Boulevard, Suite 1500 / Houston, TX 77056
P 713.499.4600 / F 713.499.4699
forvis.com

Independent Accountants' Report on Application of Agreed-upon Procedures

Board of Regents
University of Houston System
Houston, Texas

We have performed the procedures enumerated in the attachment to this report on the University of Houston's (the University) compliance with the requirements set forth in the Cancer Prevention and Research Institute of Texas's (CPRIT) *Grant Policies and Procedures Guide* as of and for the year ended August 31, 2022. The management of the University is responsible for its aforementioned compliance with the requirements set forth in CPRIT's *Grant Policies and Procedures Guide*.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assessing the University's compliance with CPRIT's *Grant Policies and Procedures Guide* as of and for the year ended August 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in the attachment to this report.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with CPRIT's *Grant Policies and Procedures Guide*. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the specified parties above and is not intended to be, and should not be, used by anyone other than these specified parties.

FORVIS,LLP

Houston, Texas
January 12, 2023

University of Houston

Agreed-upon Procedures

Year Ended August 31, 2022

Processes and Controls

Procedures:

1. Inquire of the University's management about whether they have assessed the adequacy of internal controls addressing grant noncompliance, errors and fraud. Observe documentation of that assessment. Compare the items listed in the risk assessment to the following controls and assess whether the following were included:
 - a. Contract compliance, including submission;
 - b. Expenditures, including payroll and equipment;
 - c. Project income; and
 - d. Reporting, including performance measurement, matching, indirect cost application and early termination.
2. Confirm that the University has documented policies and procedures to account for the receipts and disbursement of the CPRIT funds.

Finding:

No exceptions noted.

Contract

Procedures:

1. Obtain the contract proposal for each grant tested and determine whether the contract included internal Institutional Review Board approval for the use of human subjects, animals or biohazards. If so, obtain documentation from the grantee showing that the applicable review was done by the appropriate board prior to contract execution as evidenced by signature of board meeting minutes.
2. Determine, through comparison to the University's policies, whether the University is required to have a written standard of conduct and comply with federal law to promote objectivity in research. If so, verify that a conflict of interest statement(s) for all individual principal investigators was signed prior to the effective date of the grant and that the conflict of interest statement(s) was (were) updated as necessary to comply with these provisions.
3. Inquire of management and/or those charged with grant oversight whether the grantee completed all assurances and certifications in Attachment C, Assurances and Certifications, of the grant contract.

University of Houston
Agreed-upon Procedures (Continued)
Year Ended August 31, 2022

Finding:

No exceptions noted.

Indirect Costs

Procedures:

1. Obtain and read each grant contract and assess whether there is an indirect cost rate specified.
2. To test the indirect cost rate, select a sample of the lesser of 10 percent or 25 indirect costs charged to the grant and perform the following:
 - a. Obtain a list of eligible indirect costs from the University. Agree the description of the costs in the sample to the list of eligible costs. Obtain supporting documentation for the transactions in the sample and assess whether the description is valid. Document any exceptions.
 - b. Obtain from the University's accounting records the listing of direct costs charged to the grant. Compare the sample of indirect costs to the listing of direct costs to assess whether they were not included as direct costs. Document any exceptions.
3. Select a sample of two (2) financial status report (Form 269a) submissions for each grant and recompute the indirect cost rate used based on the requirements noted in the grant contract obtained in procedure 1 above. Compare the recalculated rate to the rate used and document any variance.

Finding:

No exceptions noted. In procedure 2, the sample was 27 items.

Matching (Research Awards Only)

Procedures:

1. Obtain each grant contract and assess whether it includes a matching funds requirement. If it does not, no further procedures in this section are necessary. Note: Matching fund requirements applicable to public and private institutions of higher education allow the grantee to receive partial or full matching funds credit. See section "Matching Funds – Certification and Verification."
2. Inquire of management and/or those charged with grant oversight whether a tracking mechanism, such as a separate fund/account, was created to track matching fund expenditures. Document management's response.

University of Houston
Agreed-upon Procedures (Continued)
Year Ended August 31, 2022

3. Obtain the grantee's matching certification to assess whether matching funds (as noted in the grant contract obtained in 1 above) were certified prior to grant start. View the grantee's documentation supporting that the matching funds were set aside to be spent on the funded grant only. Document any variance in the amount of matching funds.
4. As of the end of the CPRIT program year, view the grantee's documentation supporting that the matching funds were set aside to be spent on the funded grant(s) only that is the subject of the award. Obtain the bank statement(s) related to the account(s) that hold(s) the match funds and tie in the total bank balance per the grantee's records to the month-end reconciliation.

Finding:

Two of the selected grants had matching funds requirements: RR170075, RP200464. No exceptions noted.

Expenditures (Excluding Payroll-related Transactions)

Procedures:

1. Inquire of management and/or those charged with grant oversight as to whether the University has a purchasing policy that establishes a competitive procurement process and safeguards against bias or conflicts of interest.
2. Inquire of management and/or those charged with grant oversight whether the University has a process in place to ensure that entities only purchase from a vendor list (which excludes vendors that are federally debarred or suspended) that has been approved by management and/or those charged with governance as evidenced by signature and date. Document management's response.
3. To test non-payroll direct expenditures for each grant, select a sample of the lesser of 10 percent or 60 non-payroll related expenditures. For each item selected, perform the following:
 - a. Agree the sample disbursement to the receipt or invoice supporting the amount and payee.
 - b. Observe physical or electronic evidence of approval to determine whether the purchase was approved and/or reviewed by management or those involved with oversight of the grant (with knowledge of the grant requirements).
 - c. Trace the description of the purchased goods and/or services received to the underlying supporting documentation and agree the description to items allowable per Uniform Grant Management Standards (UGMS), the grant contract, and the CPRIT Policies and Procedures Guide.
 - d. If the item selected is travel related, assess whether the travel was related to the grant based on the inquiry of management or review of supporting documentation. Compare the description of the travel to the narrative and assess whether any discrepancy exists.

University of Houston
Agreed-upon Procedures (Continued)
Year Ended August 31, 2022

- e. If the item selected is related to international travel, observe physical or electronic evidence of approval to determine whether it was approved by CPRIT prior to the initiation of the travel.
- f. If the expended item was transacted prior to the related CPRIT grant being awarded, obtain evidence to assess whether the costs were authorized by CPRIT per review of correspondence or other verification documentation.
- g. Assess whether the vendor was preapproved by the University prior to the purchase by agreeing the vendor to the preapproved vendor list noted in procedure 2 above.
- h. Compare the purchase to the approved grant budget and assess whether the purchase was included in a category in the approved grant budget provided to CPRIT.
- i. Obtain supporting documentation that the transaction occurred during the period covered by the grant award.

Finding:

No exceptions noted. In Procedure 3, the sample was 45 items.

Expenditures (Payroll-related Transactions)

Procedures:

- 1. Inquire of management and/or those charged with grant oversight to assess whether the University has a formal system to track time and effort of employees associated with the grant.
- 2. To test payroll direct expenditures for each grant, select a sample of the lesser of 10 percent or 60 payroll-related transactions from the fiscal year.
- 3. For employees that work solely in a single award/funding stream or cost objective, observe documentation covering the period in which the transaction occurred showing that the employee had a semi-annual certification signed by the employee or a supervisory official.
 - a. Note that the budgeted payroll costs pertaining to the selected employee or the position, related to the selected employee, have been included in the approved grant budget;
 - b. Obtain supporting documentation that the transaction occurred during the period covered by the grant award;
 - c. Agree the time allocated to the grant for the related pay period to the employee's time sheet or similar support;
 - d. Assess whether the employee's time sheet or similar documentation was approved by a supervisor;

University of Houston
Agreed-upon Procedures (Continued)
Year Ended August 31, 2022

- e. Agree the employee's pay rate per the transaction to the employee's pay rate per their employee file and that the rate was properly approved; and
- f. Assess whether the grantee has reported each employee whose salary or partial salary is paid by a CPRIT grant in the original Personnel Level of Effort (PLOE) submitted with the grant application.

Finding:

No exceptions were noted. In Procedure 2, the sample was 28 items.

Equipment

Procedure:

- 1. For each grant, select a sample of the lesser of 10 percent or 25 equipment purchases during the fiscal year, and assess whether:
 - a. The purchase was included in a category in the contract approved budget.
 - b. The University's internal procedures for recording the receipt of the equipment were followed.
 - c. The item was included in the grant Inventory Report submitted to CPRIT.
 - d. If the purchase was greater than \$5,000, verify that the purchase was authorized by CPRIT prior to the purchase.
 - e. Observe the purchase documentation and assess whether the University has title to the equipment purchased or fabricated with grant funds.
 - f. If the University still owns the equipment, observe the equipment's physical location, assess whether it is located at the University and agree the equipment's property tag to the property identification number reported in the inventory report to CPRIT.
 - g. Obtain supporting documentation that the transaction occurred during the period covered by the grant award.

Finding:

One of the selected grants had equipment purchases: RR170075. No exceptions were noted. In Procedure 1, the sample was 14 items.

University of Houston
Agreed-upon Procedures (Continued)
Year Ended August 31, 2022

Revenue Sharing and Project Income

Procedures:

1. Inquire of management whether any revenue was generated by the grant project during the preceding fiscal year.
2. Assess whether revenue or project income collected by the University for the year has been identified for each grant in accordance with the grant contract or CPRIT approval and reported on the annual Revenue Sharing/Program Income Report form to CPRIT.
3. For revenue sharing, obtain documentation to assess whether revenue generated by the sale or licensing of products or research developed through a CPRIT grant resulted in payment made to CPRIT and that the payment is accurate based on the grant contract and Revenue Sharing/Program Income Report form.

Finding:

According to the Director, Research Financial Services, no grants generated program income.

Reporting

Procedures:

1. Inquire of the University's management and those charged with oversight over the CPRIT grant as to whether they are aware of any instances related to CPRIT grants of fraud, illegal acts, or noncompliance, and whether they have been properly reported to the granting agency. Document management's response regarding any such acts that were reported.
2. To test the reporting requirements, select a sample of reporting time periods for the following reports:
 - a. **Quarterly** – Select two Financial Status Reports (due within 90 days of the end of the fiscal quarter). For Prevention Grants, also select two quarters of Data Elements.
 - b. **Annual** – Select the current years, Grant Progress Report and Project Data, and other required annual reports (due within 60 days of the anniversary date of the Contract). The Grant Progress Report is filed along with the Single Audit Determination form, Historically Underutilized Business report, listing of equipment, inventory and Revenue Sharing/Program Income Report form.
 - c. **End of Contract Term** – Grant Final Report, a final grant progress report shall be filed no more than 90 days after the termination date of the Contract. The final grant progress report shall include a comprehensive description of the grantee's progress toward completing the scope of work specified by the Contract, as well as other information specified by CPRIT.

University of Houston
Agreed-upon Procedures (Continued)
Year Ended August 31, 2022

- d. **Tranche Grant Progress Report (Product Development grantees only)** – In addition to annual Grant Progress Reports, Product Development grantees may submit a Grant Progress Report at the completion of specific tranches of funding specified in the Award Contract. A Tranche Grant Progress Report is not required when the completion of the tranche coincides with the end of the grant year. In that event, the annual Grant Progress Report is sufficient.
3. Perform the following procedures over the reports:
- a. Obtain applicable documentation and/or correspondence and assess whether required reports were filed within required timeframes as noted above.
 - b. Obtain documentation and/or correspondence to assess whether the reports were reviewed and approved by management and/or those charged with oversight over the grant prior to submission.
 - c. Agree all financial information included in reimbursement request reports for each request, and cumulatively for the reporting period, to the University's general ledger.
 - d. If applicable, assess whether any reimbursements payments have been withheld by inquiring of management and/or those charged with grant oversight. Document management's response for the reason for a delay in payment related to not complying with a grant contract requirement or any state or federal law. If funds had been withheld, note whether the withheld payments were released per applicable documentation.
 - e. For the Grant Progress Reports, in addition to the procedures above, assess whether the progress report includes a Single Audit Determination form, an inventory form, a Revenue Sharing/Program Income Report and a Historically Underutilized Business/Texas Supplier report. Note any missing reports.
 - f. For the Grant Progress Reports, in addition to the procedures above, confirm that the other key data points related to project data (*i.e.*, publications, patent information, commercialization, etc.) are accurate for the period and supported by documentation from the University. Note any incorrect amounts.

Finding:

No exceptions noted. According to the Director, Research Financial Services, the University did not receive any product development grants.

University of Houston
Agreed-upon Procedures (Continued)
Year Ended August 31, 2022

Grant Closeout

Procedures:

1. Obtain correspondence and/or related documentation showing the date that the grantee submitted all required reports (as defined by the contract) to CPRIT to assess whether the submission was completed within the 145-day closeout period following the end of the contract term for each grant.
2. Select the last financial status report for the grant and assess whether it was submitted in a timely manner (as defined by the Contract) and that the related payment was received. If payment was delayed, inquire of management the reason for the delay and document the response.

Finding:

According to the Director, Research Financial Services, none of the selected grants closed as of August 31, 2022.

Sampling

When selecting a sample, we will follow CPRIT's recommendation and use the guidance from the AICPA's Audit and Accounting Guide: *Government Auditing Standards* and Circular A-133 Audits, Chapter 11 – Audit Sampling Considerations of Circular A-133 Compliance Audits:

Table 7: Audit Sampling Considerations

Frequency or Population Size	Sample Size
Quarterly (4)	2
Monthly (12)	3
Semimonthly (24)	6
Weekly (52)	8
Greater than 52 transactions:	
Expenditures	Lesser of 10% or 60
All other	Lesser of 10% or 25

We chose three grants from the schedule of CPRIT awards for testing as follows:

1. RR170075: Recruitment of First-Time, Tenure-Track Faculty Member – Dr. Rohith Reddy
2. RP200464: Arming an Oncolytic Herpes Simplex Virus to "BiTE" Tumor Cells
3. PP210003: Taking Texas Tobacco Free Among Substance Users within Community -Based Healthcare Settings in Rural and Medically Underserved Areas Across Texas

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Annual Procurement Report, Fiscal Year 2022

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 2022

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:**

Information

COMPONENT:

University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

1-30-23

DATE



CHANCELLOR

Renu Khator

2/16/23

DATE



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

**ANNUAL PROCURMENT REPORT FOR THE UNIVERSITY
OF HOUSTON SYSTEM FOR FISCAL YEAR 2022**

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT

TABLE OF CONTENTS AND SUMMARY

EXECUTIVE SUMMARY 3
INTRODUCTION..... 4
BACKGROUND..... 4
OBJECTIVE AND SCOPE 5
OBSERVATION AND CONCLUSION 5
ATTACHMENTS 8

EXECUTIVE SUMMARY

Overview and Scope Summary

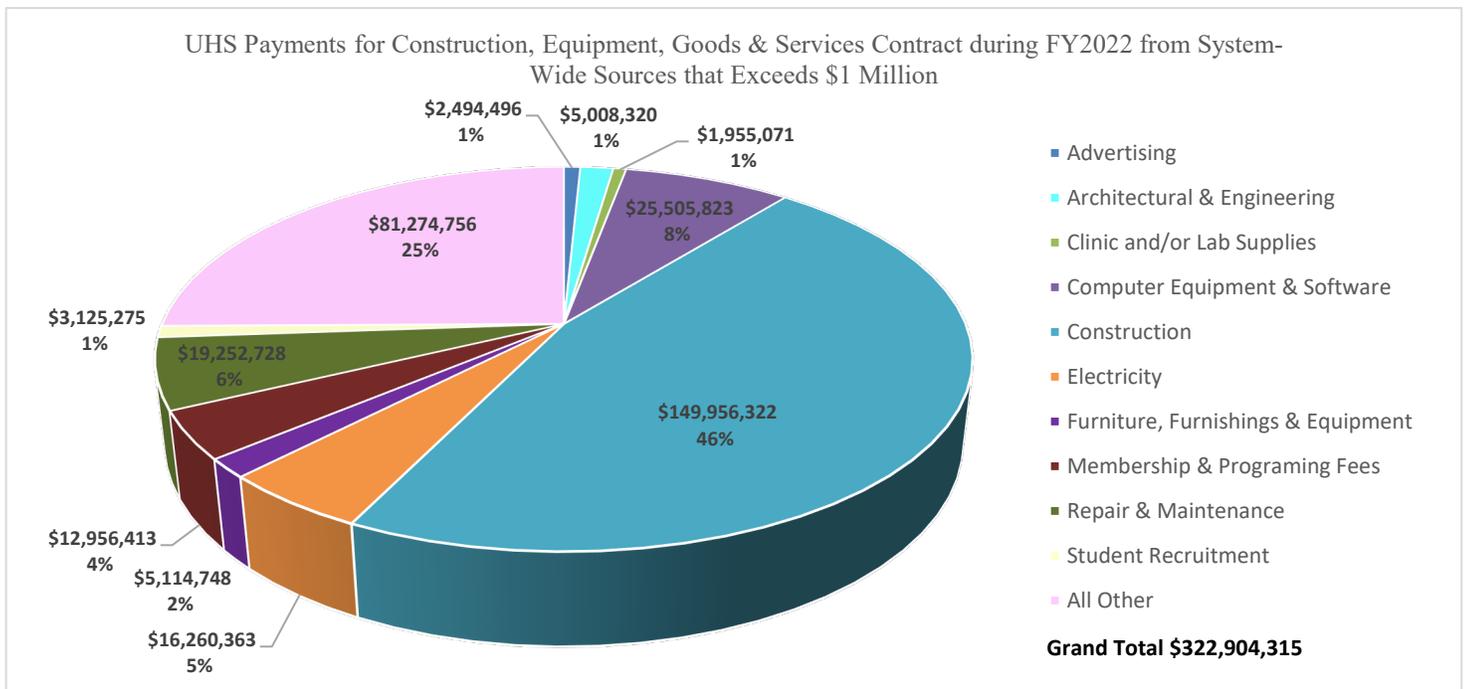
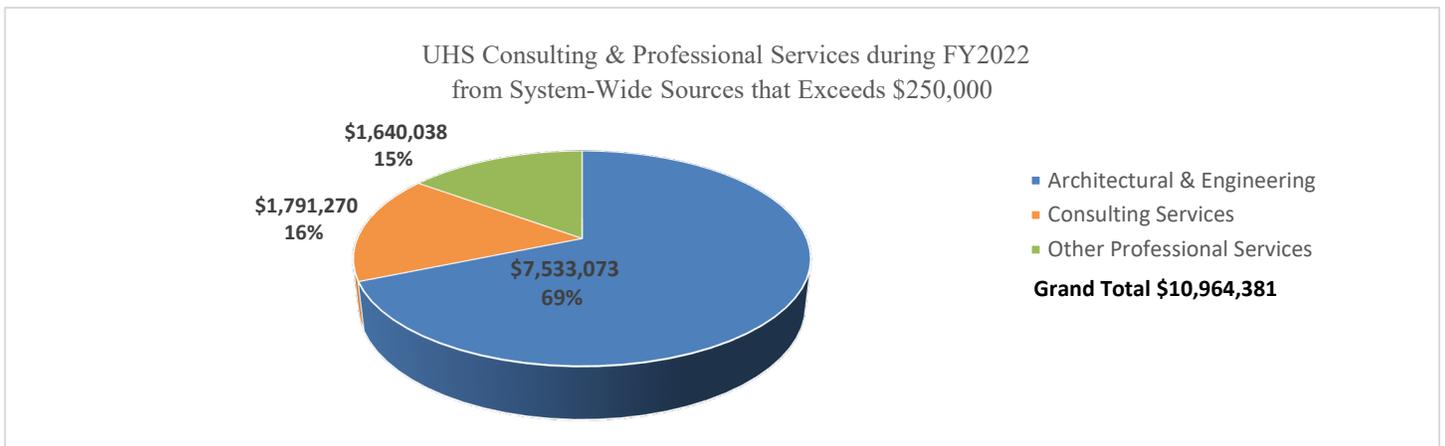
The University of Houston System Board of Regents Board Policy 55.01.4 requires submittal of a report for each fiscal year related to payments made from Systemwide sources to a single entity for: Professional or Consulting Services exceeding \$250,000; Construction, equipment, goods and services contracts 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 determines the methodology used to ensure the report is accurate. Internal Auditing does not review contracts to ensure monitoring of individual contracts is performed.

Observations and Overall Audit 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 graphs below represent the amounts, type of service, and/or contract for the fiscal year 2022.



UNIVERSITY OF HOUSTON SYSTEM

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 legislative and management required audits. All the plan audits are conducted according to 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, authority delegation, and annual reports to the Board for certain contracts. The BOR reporting policy addressing this requirement is as follows:

55.01.5 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 services 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 to 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 08/24/2017)

OBJECTIVE AND SCOPE

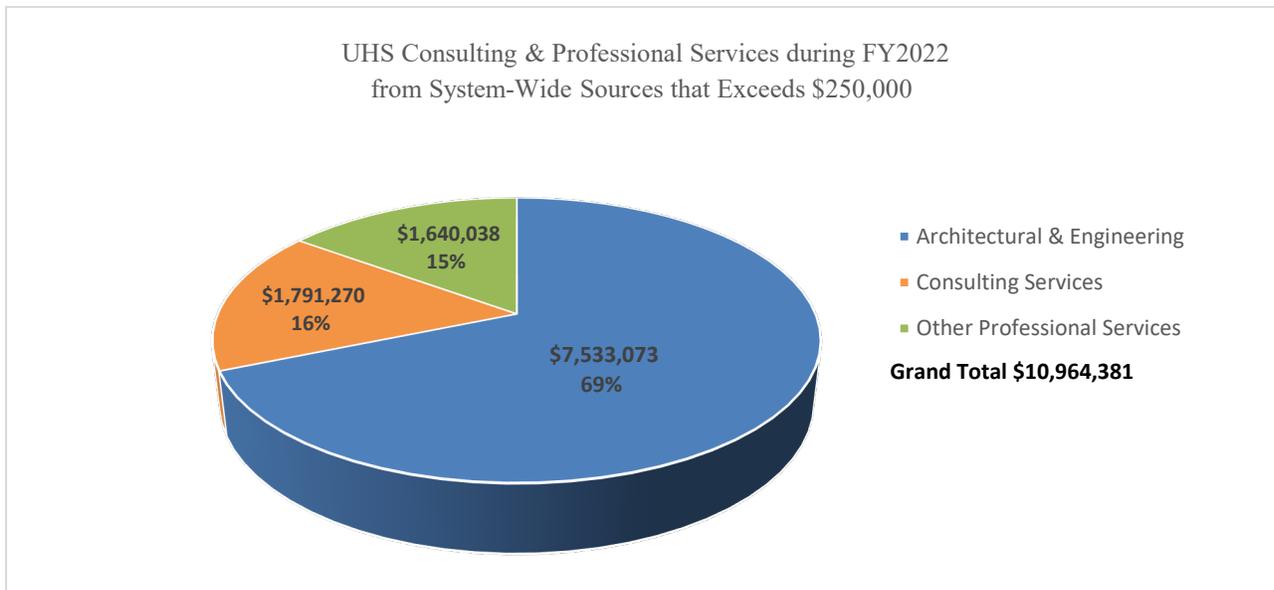
The Internal Auditing Department reviewed the report procedures methodology and the report to determine the methodology used would ensure the report was accurate for the fiscal year 2022. Internal Auditing did not review contracts to ensure individual contracts were monitored.

OBSERVATION AND CONCLUSION

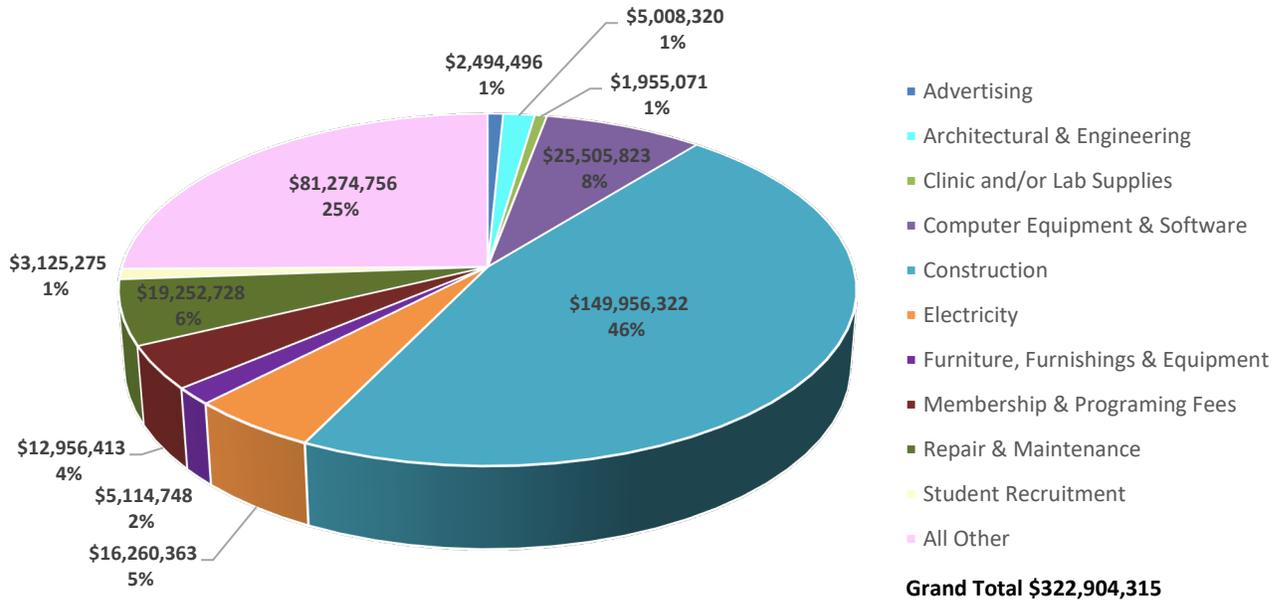
The below Attachments were prepared by the UHS/UH AVP Finance/Controller to satisfy the Board's reporting requirement.

- 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
- Attachment C lists all items required to be reported by BOR Policy 55.01.4.C

For the fiscal year 2022, the amount for consulting and professional services expended to a single entity exceeding \$250,000 (per entity) from a Systemwide source totaled approximately \$10,964,381. The total for construction, equipment goods and service contracts to a single entity exceeding \$1 million (per entity) was approximately \$322,904,315 for the fiscal year 2022. Below are charts representing the breakdown of the categories of expenditures for the fiscal year 2022.



UHS Payments for Construction, Equipment, Goods & Services Contract during FY2022 from System-Wide Sources that Exceeds \$1 Million



The number of contracts requiring enhanced monitoring, those over \$1 million, totaled 144 contracts and represented \$1.4 billion (See Attachment C-1).

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 review.

Sincerely,

A handwritten signature in black ink that reads "Phillip W. Hurd". The signature is written in a cursive style with a large, sweeping flourish over the first name.

Phillip W. Hurd
Chief Audit Executive
University of Houston System

PWH/pwh/AP Audit

Participating Auditors: Brandee O'Neal and Emily Tran

All Payments for Professional or Consulting Services during FY2022 from
System-Wide Sources to a Single Entity that Exceeded \$250,000
Attachment A

Vendor	Description	FY22 Pmt Total
PAGE SOUTHERLAND PAGE INC	Architectural & Engineering	2,471,535
PERKINS & WILL, INC	Architectural & Engineering	1,323,506
SHEPLEY BULFINCH RICHARDSON & ABBOTT INC	Architectural & Engineering	1,213,279
SMITHGROUP INC	Architectural & Engineering	726,947
ANTHEM EXECUTIVE LLC	Consulting Services	470,626
WTP AMERICA LLC	Consulting Services	457,471
BLANK ROME LLP	Legal Services	425,153
P B K ARCHITECTS INC	Architectural & Engineering	359,919
AUGUST JACKSON COMPANY	Consulting services	356,029
A-G ADMINISTRATORS LLC	Student Athlete Health Insurance	350,000
KIRKSEY ARCHITECTS INC	Architectural & Engineering	336,821
WALTER P MOORE & ASSOCIATES INC	Engineering Services	301,865
CAPTURE-IT UNLIMITED INC	Hearing Impaired Student Services	301,275
CAMPOS ENGINEERING INC	Architectural & Engineering	283,781
COURTNEY HARPER + PARTNERS LC	Architectural & Engineering	283,203
CANNON DESIGN INC	Architectural & Engineering	276,912
QUEST DIAGNOSTICS CLINICAL LABS INC	Health Services	261,746
INFRASTRUCTURE ASSOCIATES	Architectural & Engineering	257,171
HUSCH BLACKWELL STRATEGIES LLC	Consulting Services	257,144
NAVIGATE MARKETING INC	Consulting Services	250,000
Grand Total		10,964,381

All Payments for Construction, Equipment, Goods and Service Contracts during FY2022
from System-Wide Sources to a Single Entity that Exceeded \$1,000,000

Attachment B

Vendor	Description	FY2022 Pmt Total
J T VAUGHN CONSTRUCTION LLC	Construction	67,090,838
AUSTIN COMMERCIAL, LP	Construction	33,969,186
COMPASS GROUP USA INC	Food Services	27,282,010
CAVALLO ENERGY TEXAS LLC	Electricity	16,260,363
DPR CONSTRUCTION A GENERAL PARTNERSHIP	Construction	15,822,690
TELLEPSEN BUILDERS LP	Construction	10,328,018
ARTHUR J GALLAGHER RISK MANAGEMENT	Insurance	8,311,408
EBSCO INDUSTRIES INC	Library Services	7,668,068
SOJI SERVICES INC	Laundry & Cleaning Services	6,445,738
P D MORRISON ENTERPRISES INC	Repairs & Maintenance	6,185,817
HIED INC	Computer Equipment & Software Licenses	5,853,841
JR JONES ROOFING INC	Construction	5,184,275
AMERICAN ATHLETIC CONFERENCE	Membership Fees	5,148,500
SUMMUS INDUSTRIES INC	Computer equipment & software licenses	4,963,634
OVG FACILITIES LLC	Facility Custodial, Maintenance, & Food Services	4,459,398
ABM TEXAS GENERAL SERVICES	Repairs & Maintenance	3,970,100
MCA COMMUNICATIONS INC	Computer equipment & software licenses	3,691,616
ORACLE AMERICA, INC	Computer Equipment & Software Licenses	2,976,213
AMAZON	Various Vouchers & Online Orders with P-Card	2,907,633
CMC DEVELOPMENT & CONSTRUCTION CORP LLC	Construction	2,776,385
HVAC MECHANICAL SERVICES OF TEXAS LTD	Repairs & Maintenance	2,724,376
RP TELLONE & COMPANY LLC	Telecommunications Equipment	2,697,469
FLINTCO LLC	Construction	2,585,260
BIG 12 CONFERENCE INC	Membership Fees	2,500,000
COTTON COMMERCIAL USA INC	Construction	2,477,653
PAGE SOUTHERLAND PAGE INC	Architectural & Engineering	2,471,535
NOBLE TEXAS BUILDERS LLC	Construction	2,425,636
GROOME TRANSPORTATION OF TEXAS LLC	Shuttle Bus Services	2,378,786
PUBLIC BROADCASTING SERVICE	Programming Fees	2,350,083
TEXAS GENERAL LAND OFFICE	Natural Gas	2,184,779
WAY ENGINEERING LTD	Repairs & Maintenance	2,030,914

All Payments for Construction, Equipment, Goods and Service Contracts during FY2022
from System-Wide Sources to a Single Entity that Exceeded \$1,000,000

Attachment B

Vendor	Description	FY2022 Pmt Total
ADVANTAGE SURGICAL PARTNERS LLC	Optometry Surgery Management	1,956,502
ALCON VISION LLC	Clinic and/or Lab Supplies	1,955,071
ACADEMIC PARTNERSHIPS LLC	Student Recruitment	1,911,228
FEI CO	Computer Equipment	1,891,059
BLACKMON-MOORING OF TEXAS INC	Construction	1,883,737
REPUBLIC PARKING SYSTEM	Parking Management Services	1,829,268
NASH INDUSTRIES INC	Repairs & Maintenance	1,810,692
SHI GOVERNMENT SOLUTIONS INC	Computer Equipment & Software Licenses	1,783,670
TRANSWESTERN COMMERCIAL SERVICES, LLC	Property Management	1,683,753
BUCKEYE TECHNOLOGY SOLUTIONS	Computer Equipment & Software Licenses	1,638,574
MCCOY-ROCKFORD INC	Furniture	1,619,007
R.R. WILLIAMS & ASSOCIATES INC	Construction	1,615,435
NATIONAL PUBLIC RADIO	Programming Fees	1,582,825
FISHER SCIENTIFIC CO LLC	Scientific Equipment	1,579,260
APPLE INC	Computer Equipment & Software Licenses	1,520,087
UNIV OF TEXAS HEALTH SCIENCE CTR-HOUSTON	Student Health Services	1,478,961
VISIONPOINT MARKETING LLC	Advertising	1,462,701
EAB GLOBAL INC	Membership Fees	1,375,005
JONMAR ELECTRIC INC	Repairs & Maintenance	1,367,690
COX SUBSCRIPTION INC	Electronic Communication Services	1,364,815
BAYLOR COLLEGE OF MEDICINE	Sponsored Research Agreement	1,363,136
BE&K BUILDING GROUP LLC	Construction	1,346,662
PERKINS & WILL, INC	Architectural & Engineering	1,323,506
BASELINE PAVING & CONSTR INC	Construction	1,281,218
E CITY INTERACTIVE INC	Student Recruitment	1,214,048
SHEPLEY BULFINCH RICHARDSON & ABBOTT INC	Architectural & Engineering	1,213,279
J TYLER SERVICES INC	Furnishings & Equipment	1,209,812
ARAMARK CORPORATION	Food Services	1,206,635
MOBIUS PARTNERS LTD	Computer Equipment & Software Licenses	1,187,128
TEJAS OFFICE PRODUCTS INC	Office Supplies	1,176,658
AFMA, INC.	Capitalized Furniture & Equipment	1,176,236

All Payments for Construction, Equipment, Goods and Service Contracts during FY2022
from System-Wide Sources to a Single Entity that Exceeded \$1,000,000

Attachment B

Vendor	Description	FY2022 Pmt Total
SIEMENS INDUSTRY, INC	Furnishings & Equipment	1,172,884
GUTIER LLC	Construction	1,169,328
AUTOMATED LOGIC CONTRACTING SERVICES INC	Repairs & Maintenance	1,163,139
AVEX LLC	Furnishings & Equipment	1,113,046
NIKE USA INC	Athletic Equipment	1,088,950
DESIGNS THAT COMPUTE INC	Audiovisual Equipment & Installation	1,035,295
QUORUM GROUP LLC	Advertising	1,031,795
	Grand Total	322,904,315

Attachment C-1
Existing UH System Contracts requiring Enhanced Contract or Performance Monitoring as of August 31, 2022
(per Texas Government Code 2261.253 to 2261.255)

#	Vendor Name	Contract Description	Contract Start Date	Contract End Date	Board Approved	Contract Amount/Max	Contract Number	Procurement Method	Performance	Contact Person
1	A Status Construction LLC	Disaster Restoration and Emergency Recovery Service Agreement	6/1/2018	5/31/2023	5/18/2017	\$ 10,000,000	K-18-00930/W845090	Request for Proposal	Satisfactory	Guicela Salazar
2	A Status Construction LLC	Job Order Contracts	5/1/2021	4/30/2023	5/16/2019	\$ 10,000,000	K-21-00574 W2125025	Request for Proposal	Satisfactory	Erica Sims
3	ABM Texas General Services, Inc.	Campus Wide Irrigation, Landscaping and Mowing Services	2/5/2020	12/31/2022	5/16/2019	\$ 3,000,000	K-20-00094 W2045000	Request for Proposal	Satisfactory	Guicela Salazar
4	ABM Texas General Services, Inc.	COVID Enhanced Cleaning	8/14/2020	8/31/2021	8/10/2020	\$ 5,000,000	K-20-00888 W2045258	Emergency	Satisfactory	Guicela Salazar
5	ABM Texas General Services, Inc.	Katy and Sugar Land Campus Facility Management	6/10/2020	7/31/2023	5/16/2019	\$ 3,200,000	K-20-00450 W2045149	Request for Proposal	Satisfactory	Guicela Salazar
6	Academic Partnerships	On-line Marketing for Degree Programs	1/1/2018	5/31/2024	3/8/2018	\$ 9,562,840	K-18-00544	Request for Proposal	Satisfactory	Shawn Clark
7	Adroit Partners LLC	UHS Temporary Staffing Services	7/1/2016	6/30/2022	8/20/2014	\$ 8,400,000	K-16-00959-4	Request for Proposal	Satisfactory	Sandra Armstrong
8	Advantage Surgical Partners, LLC	Ambulatory Surgery Center Management	11/1/2017	10/31/2022	8/24/2017	\$ 7,500,000	K-18-00195-4	Request for Proposal	Satisfactory	Lasandra Cotright
9	Affinity Licensing LLC	Trademark Licensing Agency Representation	1/1/2021	12/31/2023	12/3/2020	\$ 4,100,000	K-21-00318	Request for Proposal	Satisfactory	Jason Gregory
10	AHI Facility Services Inc	Custodial Services	12/1/2018	12/31/2021	5/24/2018	\$ 2,500,000	K-19-00100	Request for Proposal	Satisfactory	Shawn Clark
11	All Things Commercial LLC	UH Facilities Make Ready Services contract	8/1/2017	7/31/2022	5/18/2017	\$ 4,000,000	K-17-01177 / W745067	Request for Proposal	Satisfactory	Guicela Salazar
12	Andy Frain Services	Athletic Department Event Management Services	8/1/2016	7/31/2022	5/19/2016	\$ 3,000,000	K-16-01201	Request for Proposal	Satisfactory	Brandon Maddux
13	Anthony Travel	Athletics Team Travel	9/1/2017	8/31/2022	8/24/2017	\$ 2,500,000	K-18-00008	E&I Purchasing Cooperative Contract	Satisfactory	Monty Porter
14	Aramark Educational Services, LLP	Hilton College of Hotel and Restaurant Management Food and Beverage Management Services	9/1/2016	12/31/2022	12/3/2020	\$ 10,400,000	K-16-00930-1	Request for Proposal	Satisfactory	Deepu Kurian
15	Armko Industries	Continuing Services Agreement (CSA) for Building Envelope Services	9/1/2018	9/1/2021	3/8/2018	\$ 1,500,000	K-18-01296	Request for Qualifications	Satisfactory	Guicela Salazar
16	Atkins North America Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00329 / W875008	Request for Qualifications	Satisfactory	Guicela Salazar
17	Austin Commercial LP	John M. O'Quinn Law Building	1/29/2020	8/31/2022	2/27/2020	\$ 69,925,000	K-20-00340 W2025000	Request for Qualifications	Satisfactory	Guicela Salazar
18	Austin Commercial LP	Quadrangle Housing Replacement Construction	11/16/2018	7/1/2020	10/2/2018	\$ 96,775,000	K-19-00244 W925004	Request for Qualifications	Satisfactory	Guicela Salazar
19	Aviles Engineering Corporation	Continuing Services Agreement (CSA) for Materials Testing	9/1/2018	8/31/2021	3/8/2018	\$ 1,500,000	K-19-00075 W975018	Request for Qualifications	Satisfactory	Guicela Salazar
20	Bank of America	Treasury Management and Merchant Services	6/1/2019	6/1/2024	8/23/2018	\$ 25,200,000	K-19-00109	Request for Proposal	Satisfactory	Robbi Puryear
21	Bank of New York Mellon	Custody Services	7/10/2018	7/10/2023	11/16/2017	\$ 1,200,000	K-18-00901	Request for Proposal	Satisfactory	Robbi Puryear
22	BE&K Building Group LLC	UHV Science, Technology, Engineering, and Mathematics Building	11/14/2018	11/1/2020	8/23/2018	\$ 21,586,690	K-19-00195 W925002	Competitive Sealed Proposal	Satisfactory	Guicela Salazar
23	BKD LLP	External Audit Services	11/7/2018	8/31/2023	3/8/2018	\$ 1,037,185	K-18-01312-3	Request for Qualifications	Satisfactory	Kevin Draper
24	Blackbaud	Fundraising Constituent Relationship Management System (Software)	3/12/2020	12/31/2023	5/16/2019	\$ 1,300,489	K-20-00453	Request for Proposal	Satisfactory	Akila Jordan / Susanne Johnston
25	Blackmon Mooring of Texas Inc.	Disaster Restoration and Emergency Recovery Service Agreement	6/1/2018	5/31/2021	5/18/2017	\$ 10,000,000	K-18-00931 W845091	Request for Proposal	Satisfactory	Guicela Salazar
26	Brand Value Accelerator, LLC	Digital Marketing	11/1/2017	8/31/2021	5/21/2020	\$ 2,024,217	K-18-00104-2	Request for Proposal	Satisfactory	LaShonda White / Theresa Meneley
27	Brown & Root Industrial Services LLC	Job Order Contracts	5/1/2021	4/30/2023	5/16/2019	\$ 10,000,000	K-21-00575 W2125026	Request for Proposal	Satisfactory	Erica Sims
28	Campos Engineering Inc.	Continuing Services Agreement (CSA) for Testing, Adjusting, and Balancing	9/1/2018	8/31/2021	3/8/2018	\$ 1,500,000	K-19-00044 W975015	Request for Qualifications	Satisfactory	Guicela Salazar
29	Campus Management Corporation	Customer Relationship Management System	3/3/2016	8/31/2022	5/21/2020	\$ 1,411,668	K-16-00443-2	Request for Proposal	Satisfactory	Georgeann Smith
30	CannonDesign f/k/a FKP Architects Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00332 / W875011	Request for Qualifications	Satisfactory	Guicela Salazar
31	Charter Roofing Company Inc	UH On-Call Roof Repair Services	9/1/2016	8/31/2021	5/19/2016	\$ 1,000,000	K-17-00156 / W745006	Request for Proposal	Satisfactory	Guicela Salazar
32	Chartwells Education Services (Compass Group)	UHS Dining Services Operations	7/1/2017	6/30/2032	5/18/2017	\$ 134,716,000	K-17-01070-6	Request for Proposal	Satisfactory	Deborah Huebler
33	Clinical Pathology Laboratories	Clinical Laboratory Services	5/29/2015	5/28/2020	2/27/2020	\$ 1,300,000	K-15-00698-3	Emergency	Satisfactory	Georgeann Smith
34	CMC Development & Construction Corporation LLC	Student Health Building -HR Renovation	2/1/2021	7/21/2021	8/20/2020	\$ 2,401,331	K-21-00350 W2125019	Competitive Sealed Proposal	Satisfactory	Erica Sims
35	Collegiate Enterprise Solutions, LLC dba The Registry for College and University Presidents	Executive Staffing Services	1/29/2018	8/31/2021	8/20/2020	\$ 1,400,000	K-18-00163-3	Request for Proposal	Satisfactory	TaShawna Wilson
36	Cotton Commercial USA	Disaster Restoration and Emergency Recovery Service Agreement	6/1/2018	5/31/2023	5/18/2017	\$ 10,000,000	K-18-00932/W845092	Request for Proposal	Satisfactory	Guicela Salazar
37	Courtney Harper + Partners LC.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00330 / W875009	Request for Qualifications	Satisfactory	Guicela Salazar
38	Credentials Inc	UH Transcript Service (Revenue Contract)	4/26/2016	8/31/2021	11/19/2015	\$ 2,500,000	K-16-00677	Request for Proposal	Satisfactory	Georgeann Smith
39	DBR Engineering Consultants, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2022	12/1/2016	\$ 1,500,000	K-18-00106 / W875000	Request for Qualifications	Satisfactory	Guicela Salazar
40	DLR Group Inc of Texas	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00331 / W875010	Request for Qualifications	Satisfactory	Guicela Salazar
41	DNA Studios, LLC	Athletics Production Services	9/1/2020	8/31/2023	5/21/2020	\$ 1,912,500	K-21-00077	Request for Proposal	Satisfactory	Monty Porter
42	Doctors Hospital at Renaissance	UH Pharmacy Student Field Training	1/10/2017	1/10/2022	12/1/2016	\$ 4,350,000	K-17-00335	Sole Source	Satisfactory	Cecilia Rodriguez
43	DPR Construction	Hilton Expansion & Renovation	9/23/2019	12/31/2022	2/28/2019	\$ 22,210,000	K-19-00961 W925025	Request for Qualifications	Satisfactory	Guicela Salazar
44	DPR Construction	Houston Public Media Transmitter	11/18/2019	5/31/2020	11/14/2019	\$ 1,600,000	K-19-01226 W925033	Request for Proposal	Satisfactory	Guicela Salazar
45	EBSCO Information Services	Library Subscription Services	9/1/2020	8/31/2025	2/28/2019	\$ 4,940,325	K-20-00756	Request for Proposal	Satisfactory	Savannah Fields /Theresa Meneley/LaShonda White
46	EBSCO Information Services		11/1/2020	8/31/2023	5/21/2020	\$ 18,465,000	K-21-00102	Request for Proposal	Satisfactory	Mark Cooper
47	Education Advisory Board	Student Success Collaborative	12/13/2017	11/29/2022	11/16/2017	\$ 3,324,482	K-18-00312	Sole Source	Satisfactory	Vanessa Torres
48	Efficiency Energy LLC	UH Energy Policy Act Coordinator 179D Tax Credit (Revenue Generating Contract)	7/8/2016	7/7/2021	5/19/2016	\$ 6,000,000	K-16-00999	Request for Proposal	Satisfactory	Guicela Salazar
49	Elevator Repair Service Inc	Agnes Arnold Elevator Upgrades	6/21/2021	7/2/2022	5/20/2021	\$ 1,332,894	K-21-00721 W2125038	Competitive Sealed Proposal	Satisfactory	Erica Sims
50	Engineered Air Balance Co. Inc.	Continuing Services Agreement (CSA) for Commissioning Services	9/1/2018	8/31/2022	3/8/2018	\$ 1,500,000	K-18-01192	Request for Qualifications	Satisfactory	Guicela Salazar
51	Engineered Air Balance Co. Inc.	Continuing Services Agreement (CSA) for Testing, Adjusting, and Balancing	9/1/2018	8/31/2021	3/8/2018	\$ 1,500,000	K-19-00045 W975016	Request for Qualifications	Satisfactory	Guicela Salazar
52	Ex Libris (USA) Inc	Library Services Platform	5/31/2019	5/30/2024	3/8/2018	\$ 1,608,719	K-18-01292	Request for Proposal	Satisfactory	Mark Cooper
53	EYP, Inc.	Parking Garage #6	9/5/2018	9/30/2020	3/8/2018	\$ 3,010,305	K-18-01299	Request for Qualifications	Satisfactory	Guicela Salazar
54	EYP, Inc.	TMC Building Renovation	11/17/2020	12/31/2022	8/22/2019	\$ 2,000,000	K-20-00845 W2051002	Request for Proposal	Satisfactory	Erica Sims

Attachment C-1
Existing UH System Contracts requiring Enhanced Contract or Performance Monitoring as of August 31, 2022
(per Texas Government Code 2261.253 to 2261.255)

#	Vendor Name	Contract Description	Contract Start Date	Contract End Date	Board Approved	Contract Amount/Max	Contract Number	Procurement Method	Performance	Contact Person
55	EYP, Inc.	UH Quadrangle Housing Replacement Design	1/27/2017	2/29/2020	10/2/2018	\$ 5,584,824	K-17-00434-02 W751003	Request for Qualifications	Satisfactory	Guicela Salazar
56	Follett	Management of the UHS Bookstores	9/16/2019	9/15/2024	5/16/2019	\$ 6,725,000	K-19-01340	Request for Proposal	Satisfactory	Deborah Huebler
57	GatesAir, Inc.	KUHF / KUHT Transmitter	4/8/2019	4/7/2021	8/23/2018	\$ 1,310,849	K-19-00741-1	Request for Proposal	Satisfactory	Derrick Wilson
58	General Land Office	Natural Gas	4/17/2018	12/31/2023	3/8/2018	\$ 12,000,000	K-18-00489-1	Request for Proposal	Satisfactory	Usha Mathew
59	General Land Office/Cavallo	Electricity	1/1/2019	12/31/2023	3/8/2018	\$ 100,000,000	K-18-00703	Request for Proposal	Satisfactory	Usha Mathew
60	Graphtec	UH Wayfinding Signage Installation	12/11/2015	12/10/2020	11/19/2015	\$ 2,500,000	K-15-00938-07 W525013	Request for Proposal	Satisfactory	Guicela Salazar
61	Green Building Solutions Inc	Continuing Services Agreement (CSA) for Commissioning Services	9/1/2018	8/31/2022	3/8/2018	\$ 1,500,000	K-18-01190	Request for Qualifications	Satisfactory	Guicela Salazar
62	Groome Transportation of Texas	Shuttle Bus Services	1/1/2019	12/31/2026	11/16/2017	\$ 26,232,400	K-18-01058-2	Request for Proposal	Satisfactory	Bob Browand
63	Gutier LLC	Third Ward Advancing Community Engagement Institute (TW-ACE)	12/16/2020	8/31/2021	3/8/2018	\$ 1,897,334	K-21-00069 W2125004	Competitive Sealed Proposal	Not Satisfactory	Erica Sims
64	HarrisonKornberg Architects, LLC.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00334 / W875013	Request for Qualifications	Satisfactory	Guicela Salazar
65	Hellmuth, Obata and Kassabaum LP.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00335 / W875014	Request for Qualifications	Satisfactory	Guicela Salazar
66	Hewlett Packard Enterprise	High Performance Computing System	3/12/2020	6/30/2025	2/27/2020	\$ 2,491,351	K-20-00656	Sole Source	Satisfactory	Cris Milligan
67	HIED	Volume Licensing Agreement	10/29/2018	10/28/2022	8/23/2018	\$ 5,007,445	K-19-00210-2	Request for Proposal	Satisfactory	Bill Spindler, Sonia Morales
68	Huitt-Zollars, Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00336 / W875015	Request for Qualifications	Satisfactory	Guicela Salazar
69	HVAC Mechanical Services of Texas, LTD	Winter Event Repairs	2/12/2021	8/12/2022	5/20/2021	\$ 1,250,000	K-21-00834 W2145147	Emergency	Satisfactory	Erica Sims
70	Infrastructure Associates, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2022	12/1/2016	\$ 1,500,000	K-18-00107 / W875001	Request for Qualifications	Satisfactory	Guicela Salazar
71	Infrastructure Associates, Inc.	UH Design Services for Repairs to Science and Engineering Research Center	5/9/2017	TBD	8/25/2016	\$ 1,029,108	K-17-00848 / W751008	Request for Qualifications	Satisfactory	Guicela Salazar
72	J.R. Jones Roofing, Inc.	UH Rec Center Building Envelope and Roof Repairs	6/29/2020	5/29/2021	8/22/2019	\$ 5,198,482	K-20-00508 W2025006	Request for Proposal	Satisfactory	Guicela Salazar
73	J.T. Vaughn Construction, LLC	Wortham Theater Roof & Building Envelope Repairs	5/1/2021	3/31/2022	2/25/2021	\$ 1,505,000	K-21-00756 W2125035	Request for Proposal	Satisfactory	Erica Sims
74	Jacobs Project Management Company	UHS Project Manager Augmentation	5/9/2016	5/31/2020	5/24/2018	\$ 6,250,000	K-16-00740	Request for Proposal	Satisfactory	Guicela Salazar
75	Jampro Antennas, Inc	KUHF / KUHT Antenna System	12/12/2018	8/31/2020	8/23/2018	\$ 1,094,198	K-19-00349	Request for Proposal	Satisfactory	Almarie Hopkins
76	JBCR Inc DBA Skelton Business Equipment	UH Copier Service	8/1/2016	7/31/2021	5/19/2016	\$ 7,500,000	K-16-01052-1	Request for Proposal	Satisfactory	Usha Mathew
77	JBCR, Inc. DBA Skelton Business Equipment	Copier Lease and Maintenance	8/1/2021	7/31/2024	5/20/2021	\$ 4,500,000	K-21-00754	Request for Proposal	Satisfactory	Usha Mathew
78	JONMAR Electric Inc.	Electrical Systems Maintenance and Repair Services	9/1/2018	8/31/2021	8/23/2018	\$ 2,000,000	K-18-01321 W945000	Request for Qualifications	Satisfactory	Guicela Salazar
79	Jonmar Electric, Inc	Emergency Generator Automatic Transfer Switches	1/4/2021	12/30/2021	8/20/2020	\$ 1,426,881	K-21-00293 W2125000	Competitive Sealed Proposal	Satisfactory	Erica Sims
80	JR Jones Roofing Inc	General Services Roof Replacement	6/1/2021	10/9/2022	8/20/2020	\$ 4,509,382	K-21-00662 W2125036	Competitive Sealed Proposal	Satisfactory	Erica Sims
81	JR Jones Roofing Inc	MD Anderson Library Roof & Building Envelope Repairs	6/21/2021	9/4/2022	2/25/2021	\$ 2,064,422	K-21-00661 W2125034	Competitive Sealed Proposal	Satisfactory	Erica Sims
82	JT Vaughn Construction LLC	ERP 11 - Lab Renovation and Buildout	8/13/2018	6/30/2019	3/8/2018	\$ 2,891,873	K-18-01141	Request for Qualifications	Satisfactory	Guicela Salazar
83	JT Vaughn Construction LLC	Job Order Contracts	5/1/2021	4/30/2023	5/16/2019	\$ 10,000,000	K-21-00578 W2125029	Request for Proposal	Satisfactory	Erica Sims
84	JT Vaughn Construction LLC	Parking Garage #6	10/15/2018	9/31/20	3/8/2018	\$ 47,000,000	K-19-00145 W925000	Request for Qualifications	Satisfactory	Guicela Salazar
85	JT Vaughn Construction LLC	Student Wellness & Success Center	7/6/2020	12/31/2022	8/22/2019	\$ 29,382,250	K-20-00521 W2025009	Request for Qualifications	Satisfactory	Guicela Salazar
86	JT Vaughn Construction LLC	UH College of Medicine Building Construction	6/26/2019	7/1/2022	11/15/2018	\$ 64,170,000	K-19-00703 / W925012	Request for Qualifications & Request for Proposal	Satisfactory	Guicela Salazar
87	JT Vaughn Construction, LLC.	Intramural Fields	1/20/2021	7/1/2021	8/22/2019	\$ 1,306,296	K-21-00282 W2125015	Request for Proposal	Satisfactory	Erica Sims
88	Kirksey Architects, Inc.	Hilton Expansion & Renovation	7/26/2019	12/31/2022	2/28/2019	\$ 2,482,000	K-19-01022 W951006	Request for Qualifications	Satisfactory	Guicela Salazar
89	Kirksey Architects, Inc.	Melcher Renovation	2/8/2019	6/30/2020	5/24/2018	\$ 1,228,200	K-19-00463 / W951003	Request for Qualifications	Satisfactory	Guicela Salazar
90	Kitchell Contractors, Inc.	Graduate College of Social Work	11/22/2019	1/31/2021	8/22/2019	\$ 3,390,500	K-19-01090 W925006	Construction Manager at Risk	Satisfactory	Guicela Salazar
91	Layer 3 Communications, LLC	Campus Network Infrastructure	8/12/2021	8/11/2026	5/20/2021	\$ 12,000,000	K-21-00926	Request for Proposal	Satisfactory	Bill Spindler
92	Layer 3 Communications, LLC	Campus Wired Lan Wi-Fi Access Infrastructure	7/1/2016	6/30/2021	8/22/2019	\$ 13,000,000	K-16-01080-1	Request for Proposal	Satisfactory	Veronica Luna / Bill Spindler
93	LCCx LLC d/b/a Lackey de Carvajal Cx	Continuing Services Agreement (CSA) for Testing, Adjusting, and Balancing	9/1/2018	8/31/2021	3/8/2018	\$ 1,500,000	K-19-00046 W975017	Request for Qualifications	Satisfactory	Guicela Salazar
94	Market Egnuity, Inc	Public Radio and TV Underwriting Services for Houston Public Media	9/1/2015	8/31/2025	2/27/2020	\$ 13,200,000	K-15-00771-2	Request for Proposal	Satisfactory	Derrick Wilson
95	MCA Communications	UHS Network Cabling Infrastructure Design and Installation Contracts	10/9/2017	10/8/2020	2/23/2017	\$ 5,000,000	K-17-01267	Request for Proposal	Satisfactory	Bill Spindler
96	Metroclean	UHD Custodial Contract	7/1/2017	6/30/2022	2/23/2017	\$ 7,137,384	K-17-00891	Request for Proposal	Satisfactory	Lashonda White/Theresa Meneley
97	Morganti Texas Inc	Town Plaza Renovation	6/19/2018	8/31/2019	3/8/2018	\$ 7,445,000	K-18-00992	Request for Qualifications / Request for Proposal	Satisfactory	Guicela Salazar
98	Morganti Texas Inc	UHV Sophomore Housing Construction	5/9/2017	5/15/2020	8/20/2015	\$ 19,556,897	K-17-00817 / W725009	Construction Manager at Risk	Not Satisfactory	Guicela Salazar
99	Nash Industries Inc	Job Order Contracts	5/1/2021	4/30/2023	5/16/2019	\$ 10,000,000	K-21-00576 W2125027	Request for Proposal	Satisfactory	Erica Sims
100	NEPC, LLC	Investment consultant for UHS Endowment and Non-Endowed Investments	3/1/2021	2/29/2024	12/3/2020	\$	K-21-00307	Request for Proposal	Satisfactory	Robbi Puryear
101	Network Cabling Services Inc	UHS Network Cabling Infrastructure Design and Installation Contracts	9/8/2017	9/7/2021	2/23/2017	\$ 2,100,000	K-17-01131-8	Request for Proposal	Satisfactory	Bill Spindler
102	Nike Apparel & Equipment	UH Nike Apparel & Equipment	8/1/2013	7/31/2022	8/20/2015	\$ 6,134,441	K-13-00395-1	Undetermined; 2008 contract	Satisfactory	Brandon Maddux
103	Noble Texas Builders, LLC	Job Order Contracts	5/1/2021	4/30/2023	5/16/2019	\$ 10,000,000	K-21-00577 W2125028	Request for Proposal	Satisfactory	Erica Sims
104	Oracle America Inc	UH Oracle America Inc. Software Maintenance	11/1/2015	10/31/2020	5/21/2015	\$ 10,143,327	N/A	Sole Source	Satisfactory	Bill Spindler
105	Oracle America, LLC	Oracle Enterprise System Software Maintenance and Support	9/1/2021	8/31/2031	8/26/2021	\$ 28,675,000	N/A	Sole Source	Satisfactory	Bill Spindler
106	OVG Facilities*	Athletics Facility Custodial Services, Facility Maintenance Services, and Food Services	8/1/2019	7/31/2024	7/19/2019	\$ 108,540,910	K-20-00031	Request for Proposal	Satisfactory	Brandon Maddux
107	P.D. Morrison Enterprises, Inc.	MRO Inventory, Supplies Management and Services for Facilities Services Supplies	12/1/2018	11/30/2021	11/16/2017	\$ 22,000,000	K-19-00163 W945002	Request for Qualifications	Satisfactory	Guicela Salazar
108	Paciolan (Spectra)	UH Ticket Software	2/1/2017	6/30/2027	12/1/2016	\$ 1,500,000	K-17-00548	Request for Proposal	Satisfactory	Monty Porter
109	Page Southerland Page, Inc.	Core Renovations	1/24/2019	12/15/2024	8/23/2018	\$ 1,365,940	K-19-00413 W951002	Request for Qualifications	Satisfactory	Guicela Salazar
110	Page Southerland Page, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2022	12/1/2016	\$ 1,500,000	K-18-00108 / W875002	Request for Qualifications	Satisfactory	Guicela Salazar

Attachment C-1
Existing UH System Contracts requiring Enhanced Contract or Performance Monitoring as of August 31, 2022
(per Texas Government Code 2261.253 to 2261.255)

#	Vendor Name	Contract Description	Contract Start Date	Contract End Date	Board Approved	Contract Amount/Max	Contract Number	Procurement Method	Performance	Contact Person
111	Page Southerland Page, Inc.	UH College of Medicine Building A&E	7/19/2019	7/31/2022	11/15/2018	\$ 7,479,168	K-19-00866 W951004	Request for Qualifications	Satisfactory	Guicela Salazar
112	Parchment, LLC	Academic Transcript Delivery and Diploma Replacement Order Processing Service	9/1/2021	8/31/2024	5/20/2021	\$ 2,500,000	K-21-01119	Request for Proposal	Satisfactory	Georgeann Smith
113	Parking Guidance System	Parking Guidance System	2/7/2018	12/31/2022	8/24/2017	\$ 6,830,000	K-18-00483	Request for Proposal	Satisfactory	Bob Broward
114	PBK Architects Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00337 / W875016	Request for Qualifications	Satisfactory	Guicela Salazar
115	Perkins & Will Inc	Auxiliary Retail Center	9/1/2020	12/31/2022	11/14/2019	\$ 2,847,445	K-20-00553 W2051001	Request for Qualifications	Satisfactory	Erica Sims
116	Pierce Goodwin Alexander & Linville Inc.	Architectural and Engineering Continuing Service Agreements (CSAs)	1/1/2018	12/31/2023	12/1/2016	\$ 1,500,000	K-18-00338 / W875017	Request for Qualifications	Satisfactory	Guicela Salazar
117	Price Consulting Inc	Continuing Services Agreement (CSA) for Building Envelope Services	9/1/2018	9/1/2021	3/8/2018	\$ 1,500,000	K-18-01297	Request for Qualifications	Satisfactory	Guicela Salazar
118	Professional Service Industries, Inc	Continuing Services Agreement (CSA) for Materials Testing	9/1/2018	8/31/2021	3/8/2018	\$ 1,500,000	K-19-00076 W975019	Request for Qualifications	Satisfactory	Guicela Salazar
119	Quadient Inc. (formerly known Neopost USA)	Package Lockers	4/1/2020	8/31/2028	5/20/2021	\$ 1,502,392	N/A	Texas Smart Buy	Satisfactory	Esmeralda Valdez
120	Quorum Group LLC DBA Takeform	Exterior Wayfinding Signage	2/26/2021	9/14/2021	8/22/2019	\$ 1,518,632	K-21-00402 W2125017	Request for Proposal	Satisfactory	Erica Sims
121	Republic Parking System	Parking Management Services	4/1/2018	3/31/2023	8/24/2017	\$ 5,975,000	K-18-00505-2	Request for Proposal	Satisfactory	Bob Broward
122	Rice & Gardner Consultants, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2020	12/1/2016	\$ 1,500,000	K-18-00109 / W875003	Request for Qualifications	Satisfactory	Guicela Salazar
123	Sebesta Inc DBA NV5	Continuing Services Agreement (CSA) for Commissioning Services	9/1/2018	8/31/2022	3/8/2018	\$ 1,500,000	K-18-01195	Request for Qualifications	Satisfactory	Guicela Salazar
124	Shepley Bulfinch	John M. O'Quinn Law Building	10/4/2019	3/31/2022	2/27/2020	\$ 6,190,000	K-20-00009 W951007	Request for Qualifications	Satisfactory	Guicela Salazar
125	Simpson, Bumpertz & Heger Inc	Continuing Services Agreement (CSA) for Building Envelope Services	9/1/2018	9/1/2021	3/8/2018	\$ 1,500,000	K-18-01298	Request for Qualifications	Satisfactory	Guicela Salazar
126	Smith Group	Student Wellness & Success Center	3/5/2020	7/31/2022	8/22/2019	\$ 2,550,000	K-20-00446 W2051000	Request for Qualifications	Satisfactory	Guicela Salazar
127	Smith Group, Inc.	Health and Wellness Center	6/7/2021	8/31/2023	8/20/2020	\$ 1,541,639	K-21-00657 W2151000	Request for Qualifications	Satisfactory	Erica Sims
128	SOJI Services Inc DBA Metroclean	UH Custodial Services Contract	9/1/2016	8/31/2020	5/19/2016	\$ 19,000,000	K-16-01229	Request for Proposal	Satisfactory	Guicela Salazar
129	Tejas Office Products, Inc.	Office Supplies	9/1/2018	8/31/2023	3/8/2018	\$ 10,000,000	K-18-01016-1	Request for Proposal	Satisfactory	Usha Mathew
130	Tellepsen Builders, LP	Core Renovations	6/25/2019	11/30/2024	8/23/2018	\$ 65,817,787	K-19-01019 W925008	Construction Manager at Risk	Satisfactory	Guicela Salazar
131	Tellepsen Builders, LP	Melcher Renovation	1/24/2019	7/1/2020	5/24/2018	\$ 12,024,500	K-19-00427 / W925009	Request for Proposal	Satisfactory	Guicela Salazar
132	Terracon Consultants, Inc	Continuing Services Agreement (CSA) for Materials Testing	9/1/2018	8/31/2021	3/8/2018	\$ 1,500,000	K-19-00077 W975020	Request for Qualifications	Satisfactory	Guicela Salazar
133	Texas Liqua Tech Services, Inc	One Main Building Waterproofing	5/28/2021	12/31/2022	5/20/2021	\$ 1,232,725	K-21-00771 W2145136	Cooperative Contract	Satisfactory	Erica Sims
134	TouchNet	Campus Card System	3/23/2018	3/22/2023	8/24/2017	\$ 1,500,000	K-18-00616	Request for Proposal	Satisfactory	Deborah A. Davis
135	Triumph Cabling Systems LLC	UHS Network Cabling Infrastructure Design and Installation Contracts	9/8/2017	9/7/2021	2/23/2017	\$ 2,450,000	K-17-01132	Request for Proposal	Satisfactory	Bill Spindler
136	Turner Construction Company	Auxiliary Retail Center	11/17/2020	12/31/2022	11/14/2019	\$ 32,958,890	K-20-00968 W2025031	Request for Qualifications	Satisfactory	Erica Sims
137	U.S. Water Systems, Inc.	UH Water Systems Chemistry, Distribution and Maintenance Contract	9/1/2017	8/31/2022	2/23/2017	\$ 2,250,000	K-18-00172 / W845004	Request for Proposal	Satisfactory	Guicela Salazar
138	Way Engineering LTD	Winter Event Repairs	2/12/2021	8/12/2022	5/20/2021	\$ 3,125,000	K-21-00887 W2145146	Emergency	Satisfactory	Erica Sims
139	Winstead PC	Legal Services	9/1/2021	8/31/2023	8/26/2021	\$ 1,500,000	2022-783-0026	Request for Qualifications	Satisfactory	Leslie Pruski
140	Winstead, P.C.	Legal Services	9/1/2019	8/31/2020	8/22/2019	\$ 2,000,000	2020-783-0524	Request for Qualifications	Satisfactory	Jeffrey Palmer
141	Winvale (PMWeb)	Project Management Information System (Facilities & Construction Management)	9/1/2019	8/31/2024	8/22/2019	\$ 1,114,249	K-20-00936 W2045161	Sole Source	Satisfactory	Guicela Salazar
142	WSP USA Buildings, Inc.	Mechanical, Electrical, Plumbing (MEP) Continuing Service Agreements (CSAs)	9/1/2017	8/31/2022	12/1/2016	\$ 1,500,000	K-18-00110 / W875004	Request for Qualifications	Satisfactory	Guicela Salazar
143	Zayo Group Fiber Optics	Fiber Optic Cable Services	12/30/2004	10/12/2025	5/16/2019	\$ 1,500,000	K-4-00882	Request for Proposal	Satisfactory	Bill Spindler
144	Zuri Group	Fundraising Constituent Relationship Management System (Conversion & Implementation Services)	9/1/2020	8/31/2023	5/16/2019	\$ 2,194,050	K-20-00769	Request for Proposal	Satisfactory	Akila Jordan / Susanne Johnston
						\$ 1,426,022,816				

Attachment C-2
 FY2022 UHS New Contracts
 as of August 31, 2022

(Require Enhanced Contract of Performance Monitoring under Texas Government Code Sections 2261.253, 2261.254, and 2261.255)

Vendor Name	Contract Description	Contract Start Date	Contract End Date	Contract Amount/Max	Contract Number	Procurement Method	Board Approved
AECOM Technical Services Inc	Architectural Services CSA	6/1/2022	6/1/2025	\$ 1,500,000.00	K-22-00638 / W2275000	Request for Qualifications	12/3/2020
AssetWorks LLC	Computerized Maintenance Management System (CMMS)	10/11/2021	10/10/2026	\$ 2,100,000	K-22-00001 / W2245000	Cooperative Purchasing Program	8/26/2021
Con-Real Support Group LP	Project Management Augmentation	12/1/2021	11/30/2026	\$ 5,000,000.00	K-22-00084 / W2245002	Request for Proposals	2/28/2019
eCity Interactive Inc	Marketing strategy and services	11/12/2021	11/12/2022	\$ 1,309,526.00	K-21-01149-2	Request for Proposals	5/20/2021
EMR Elevator, Inc	Campus Elevator Maintenance and Modernization	12/1/2021	11/30/2026	\$ 2,026,704.35	K-22-00257-02	Request for Proposals	2/27/2020
Johnson Controls Fire Protection LP	Multiple Fire Alarm Upgrades - Phase 2	9/24/2021	9/13/2022	\$ 1,187,599	K-21-00502 / W2125030	Sole Source	8/20/2020
JT Vaughn Construction LLC	Recreation Sports Field Project	4/11/2022	9/8/2022	\$ 1,111,327.00	K-22-00702 / W2225006	Request for Proposals	2/24/2022
JT Vaughn Construction LLC	Hunter Hall Emergency Generator	2/28/2022	11/28/2022	\$ 1,448,000.00	K-22-00449	Request for Proposals	12/2/2021
MCA Communications	Hyflex Classroom Upgrades	12/22/2021	4/22/2022	\$ 3,187,725.00	K-22-00395	Request for Proposals	8/26/2021
MCA Communications, Inc.	Classroom Upgrade Project	12/22/2021	4/22/2022	\$ 3,599,343.00	K-22-00395-1	Request for Proposals	8/26/2021
RR Williams & Associates Inc	Hilton Expansion & Renovation	11/30/2021	8/31/2024	\$ 2,000,000.00	K-22-00082 / W2245006	Request for Proposals	5/20/2021
SOJI Services Inc. DBA Metroclean	Custodial Services	5/1/2022	4/30/2029	\$ 24,000,000.00	K-22-00840 / W2245120	Request for Proposals	5/20/2021
State Office of Risk Management	Workers Compensation/Risk Management Services	9/1/2021	8/31/2023	\$ 2,360,540.00	K-22-003982	Sole Source	12/2/2021
Technolutions	Customer Relationship Management (CRM) for Enrollment Services	3/1/2022	6/30/2027	\$ 2,000,342.00	K-22-00209	Request for Proposals	8/26/2021
Thermo Fisher Scientific	Scanning Electron Microscope	12/22/2021	12/31/2026	\$ 2,049,350.00	K-22-00410	Sole Source	12/2/2021
Vaughn Construction LLC	Science, Engineering, & Research HVAC Upgrades & Roof Replacement	7/1/2019	4/30/2024	\$ 12,957,000.00	K-22-00277 / W2225004	Request for Proposals	12/2/2021
VisionPoint Marketing	Digital marketing for University of Houston Programs	4/13/2021	6/30/2022	\$ 1,396,304.00	K-21-00536-5	Request for Proposals	12/2/2021

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, UHS Financial Statements
Certifications, FY 2022

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit & Compliance Committee Planner, item number 3.13, requires that the UH System Chancellor and UH System Chief Financial Officer certify the annual financial statements for the UH System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution.

Included in the report are the following key points:

- Financial Certification Process
- University of Houston/UH System Administration, and UH System Certification Letter
- University of Houston-Clear Lake Certification Letter
- University of Houston-Downtown Certification Letter
- University of Houston-Victoria Certification Letter

SUPPORTING

DOCUMENTATION: Financial Statements Certification Letters – FY 2022 (all components) and
Financial Certification Process

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

1-30-23

DATE



CHANCELLOR Renu Khator

2/16/23

DATE

Financial Certification Process

- UH-Clear Lake, UH-Downtown, and UH-Victoria Chief Accounting Officers, Chief Financial Officers, and Presidents certified that the financial reports for their campus are true and correct to the best of their knowledge.
- University of Houston and UH System Administration administrators and unit heads representing 135 departments completed the FY22 Department Fraud Risk Survey, which included questions about verifying cost center transactions, reporting instances of fraud and non-compliance, and other internal controls. According to the survey results, internal controls are adequate to ensure that the financial transactions created for FY22 by UH/UHSA departments are true and correct.
- Usha Mathew (Assistant VP for Finance/Controller), Lavonda Luckett (Interim Executive Director of Financial Reporting), Gretta McClain Gibbs (Director of Accounting Services), Karin Livingston (Associate VC/VP for Finance), Raymond Bartlett (Senior VC/VP of Administration and Finance), and Dr. Renu Khator (Chancellor/President) signed the Certification Letter for UH, UHSA, and UH System Consolidated based on:
 - Department surveys, which indicate internal controls are adequate within UH and UHSA departments to ensure correct financial transactions.
 - Certifications signed by UHCL, UHD, and UHV representatives.
 - Their knowledge and review of the FY22 Annual Financial Report for UH, UHSA, and UH System Consolidated.
- The certification letters are presented at the February 23, 2023 Board of Regents meeting.

University of Houston, UH System Administration, and UH System Certification Letter

December 09, 2022

Mr. Jack B. Moore
Chair, Audit and Compliance Committee
UH System Board of Regents, 128 E Cullen Bldg.
4302 University Dr.
Houston, TX 77204-6001

Pursuant to the UH System Board of Regents Audit Committee Charter and Checklist, the following representations are presented in connection with the preparation of financial statements and footnote information for the University of Houston, UH System Administration, and UH System as a whole for the period ended August 31, 2022.

Management Representations Related to Financial Statements

I have reviewed the financial statements of the University of Houston, UH System Administration, and UH System as a whole and I confirm, to the best of my knowledge and belief, the following representations made to you relating to the preparation of these financial statements and footnote information.

1. To the best of my knowledge, the financial statements and footnote information are fairly presented in conformity with generally accepted accounting principles except where the State Comptroller's reporting requirements have instructed us to deviate.
2. University management is responsible for compliance with the state and federal laws and regulations, the State Comptroller's reporting requirements, and the University of Houston System reporting guidelines communicated by the Office of the Senior Vice Chancellor for Administration and Finance or designee.
3. University management is responsible for establishing and maintaining internal controls over financial reporting. Internal Control is a process, effected by the Board of Regents, administration and management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.
4. To the best of my knowledge, all significant deficiencies in the design or operation of internal controls over financial reporting which could adversely affect UH System's ability to record, process, summarize, and report financial data and any material weaknesses in internal controls that have been identified for UH System have been appropriately reported and addressed.
5. To the best of my knowledge, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).

University of Houston, UH System Administration, and UH System Certification Letter

6. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
7. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the University of Houston, UH System Administration, and UH System consolidated of, and for, the periods presented in this report. (Materiality is defined as a $\pm 5\%$ or greater error on revenues, expenses, assets, liabilities, or net assets.)
8. To the best of my knowledge, there are no unasserted claims or assessments that the Office of General Counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
9. To the best of my knowledge, there has been no –
 - a. Fraud, whether or not material, involving management or employees who have significant roles in internal control, that has not been appropriately reported and addressed; or
 - b. Fraud involving others that could have a material effect on the financial statements other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
10. To the best of my knowledge, from August 31, 2022 through the date of this letter, there have been no subsequent events that have had or may have a material effect on the financial position or the revenues, expenses, and other changes in net assets as shown in the aforementioned financial statements.

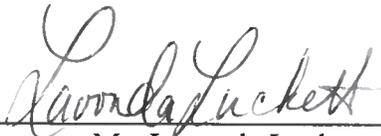


Ms. Usha Mathew

Assistant Vice President for Finance
and Controller, University of Houston

12/09/2022

Date



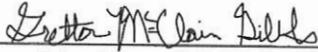
Ms. Lavonda Lockett

Interim Executive Director of
Financial Reporting, University of
Houston

12/9/22

Date

**University of Houston, UH System Administration, and UH System
Certification Letter**

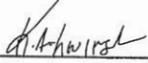


Ms. Gretta McClain Gibbs

Director of Accounting Services,
University of Houston

12/09/22

Date

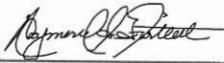


Ms. Karin Livingston

Associate Vice Chancellor of Finance,
UH System
Associate Vice President of Finance,
University of Houston

1/3/2023

Date



Mr. Raymond Bartlett

Senior Vice Chancellor of
Administration & Finance, UH System
Senior Vice President of
Administration & Finance, University
of Houston

1/3/2023

Date



Dr. Renu Khator

Chancellor, UH System
President, University of Houston

1/4/2023

Date

UH-Clear Lake Certification Letter

December 9, 2022

Mr. Jack B. Moore
Chair, Audit and Compliance Committee
UH System Board of Regents, 128 E Cullen Bldg.
4302 University Dr.
Houston, TX 77204-6001

Pursuant to the UH System Board of Regents Audit Committee Charter and Checklist, the following representations are presented in connection with the preparation of UH-Clear Lake financial statements and footnote information for the period ended August 31, 2022.

Management Representations Related to Financial Statements

I have reviewed the financial statements of UH-Clear Lake and I confirm, to the best of my knowledge and belief, the following representations made to you relating to the preparation of UH-Clear Lake financial statements and footnote information.

1. To the best of my knowledge, the financial statements and footnote information are fairly presented in conformity with generally accepted accounting principles except where the State Comptroller's reporting requirements have instructed us to deviate.
2. University management is responsible for compliance with the state and federal laws and regulations, the State Comptroller's reporting requirements, and the University of Houston System reporting guidelines communicated by the Office of the Senior Vice Chancellor for Administration and Finance or designee.
3. University management is responsible for establishing and maintaining internal controls over financial reporting. Internal Control is a process, effected by the Board of Regents, administration and management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.
4. To the best of my knowledge, all significant deficiencies in the design or operation of internal controls over financial reporting which could adversely affect UH-Clear Lake's ability to record, process, summarize, and report financial data and any material weaknesses in internal controls that have been identified for UH-Clear Lake have been appropriately reported and addressed.
5. To the best of my knowledge, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).

UH-Clear Lake Certification Letter

6. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
7. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of UH-Clear Lake as of, and for, the periods presented in this report. (Materiality is defined as a $\pm 5\%$ or greater error on revenues, expenses, assets, liabilities, or net assets.)
8. To the best of my knowledge, there are no unasserted claims or assessments that the Office of General Counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
9. To the best of my knowledge, there has been no –
 - a. Fraud, whether or not material, involving management or employees who have significant roles in internal control, that has not been appropriately reported and addressed; or
 - b. Fraud involving others that could have a material effect on the financial statements other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
10. To the best of my knowledge, from August 31, 2022 through the date of this letter, there have been no subsequent events that have had or may have a material effect on the financial position or the revenues, expenses, and other changes in net assets as shown in the aforementioned financial statements.



Dr. Sherry Hawn

Associate Vice President
Business Operations, UH Clear Lake

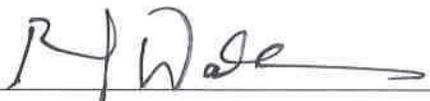
12/9/22
Date



Mr. Mark Denney

Vice President of Administration and
Finance, UH Clear Lake

12/9/22
Date



Dr. Richard Walker

President, UH Clear Lake

12/9/22
Date

UH Downtown Certification Letter

November 22, 2022

Mr. Jack B. Moore
Chair, Audit and Compliance Committee
UH System Board of Regents, 128 E Cullen Bldg.
4302 University Dr.
Houston, TX 77204-6001

Pursuant to the UH System Board of Regents Audit Committee Charter and Checklist, the following representations are presented in connection with the preparation of UH Downtown's financial statements and footnote information for the period ended August 31, 2022.

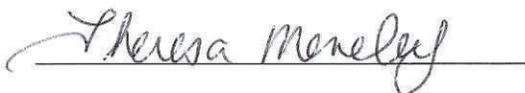
Management Representations Related to Financial Statements

I have reviewed the financial statements of UH Downtown and I confirm, to the best of my knowledge and belief, the following representations made to you relating to the preparation of the UH Downtown's financial statements and footnote information.

1. To the best of my knowledge, the financial statements and footnote information are fairly presented in conformity with generally accepted accounting principles except where the State Comptroller's reporting requirements have instructed us to deviate.
2. University management is responsible for compliance with the state and federal laws and regulations, the State Comptroller's reporting requirements, and the University of Houston System reporting guidelines communicated by the Office of the Senior Vice Chancellor for Administration and Finance or designee.
3. University management is responsible for establishing and maintaining internal controls over financial reporting. Internal Control is a process, effected by the Board of Regents, administration and management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.
4. To the best of my knowledge, all significant deficiencies in the design or operation of internal controls over financial reporting which could adversely affect UH Downtown's ability to record, process, summarize, and report financial data and any material weaknesses in internal controls that have been identified for UH Downtown have been appropriately reported and addressed.
5. To the best of my knowledge, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).

UH Downtown Certification Letter

6. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
7. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of UH Downtown as of, and for, the periods presented in this report. (Materiality is defined as a $\pm 5\%$ or greater error on revenues, expenses, assets, liabilities, or net assets.)
8. To the best of my knowledge, there are no unasserted claims or assessments that the Office of General Counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
9. To the best of my knowledge, there has been no –
 - a. Fraud, whether or not material, involving management or employees who have significant roles in internal control, that has not been appropriately reported and addressed; or
 - b. Fraud involving others that could have a material effect on the financial statements other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
10. To the best of my knowledge, from August 31, 2022 through the date of this letter, there have been no subsequent events that have had or may have a material effect on the financial position or the revenues, expenses, and other changes in net assets as shown in the aforementioned financial statements.

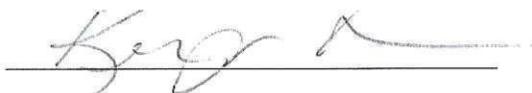


Ms. Theresa Meneley

Associate Vice President
Business Affairs, UH Downtown

11/22/22

Date

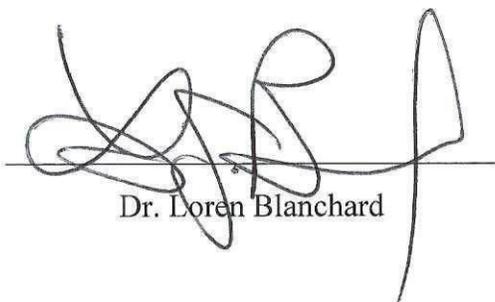


Ms. Kimberly Thomas

Vice President of Administration and
Finance, UH Downtown

11/22/22

Date



Dr. Loren Blanchard

President, UH Downtown

12/7/2022

Date

UH Victoria Certification Letter

November 22, 2022

Mr. Jack B. Moore
Chair, Audit and Compliance Committee
UH System Board of Regents, 128 E Cullen Bldg.
4302 University Dr.
Houston, TX 77204-6001

Pursuant to the UH System Board of Regents Audit Committee Charter and Checklist, the following representations are presented in connection with the preparation of the UH Victoria's financial statements and footnote information for the period ended August 31, 2022.

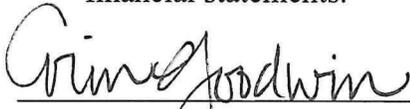
Management Representations Related to Financial Statements

I have reviewed the financial statements of UH Victoria and I confirm, to the best of my knowledge and belief, the following representations made to you relating to the preparation of the UH Victoria's financial statements and footnote information.

1. To the best of my knowledge, the financial statements and footnote information are fairly presented in conformity with generally accepted accounting principles except where the State Comptroller's reporting requirements have instructed us to deviate.
2. University management is responsible for compliance with the state and federal laws and regulations, the State Comptroller's reporting requirements, and the University of Houston System reporting guidelines communicated by the Office of the Senior Vice Chancellor for Administration and Finance or designee.
3. University management is responsible for establishing and maintaining internal controls over financial reporting. Internal Control is a process, effected by the Board of Regents, administration and management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.
4. To the best of my knowledge, all significant deficiencies in the design or operation of internal controls over financial reporting which could adversely affect UH Victoria's ability to record, process, summarize, and report financial data and any material weaknesses in internal controls that have been identified for UH Victoria have been appropriately reported and addressed.
5. To the best of my knowledge, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
6. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

UH Victoria Certification Letter

7. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of UH Victoria as of, and for, the periods presented in this report. (Materiality is defined as a $\pm 5\%$ or greater error on revenues, expenses, assets, liabilities, or net assets.)
8. To the best of my knowledge, there are no unasserted claims or assessments that the Office of General Counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
9. To the best of my knowledge, there has been no –
 - a. Fraud, whether or not material, involving management or employees who have significant roles in internal control, that has not been appropriately reported and addressed; or
 - b. Fraud involving others that could have a material effect on the financial statements other than those reported to the Office of the Senior Vice Chancellor for Administration and Finance in writing (if any).
10. To the best of my knowledge, from August 31, 2022 through the date of this letter, there have been no subsequent events that have had or may have a material effect on the financial position or the revenues, expenses, and other changes in net assets as shown in the aforementioned financial statements.

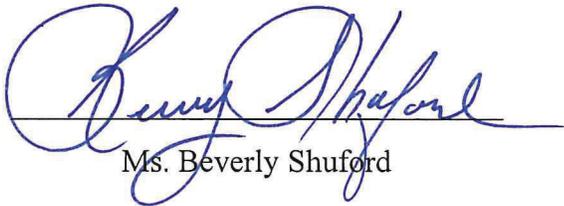


Ms. Erin Goodwin

Senior Finance Director,
UH Victoria

11/28/2022

Date

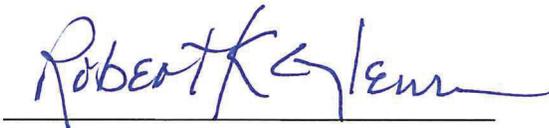


Ms. Beverly Shuford

Vice President of Administration and
Finance, UH Victoria

11/28/2022

Date



Dr. Robert K. Glenn

President, UH Victoria

11/29/22

Date

**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 FY 2023 Internal Audit Activity since November 30, 2022 and Internal Audit Reports issued since the November 30, 2022 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



1-30-23

CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

DATE



2/16/23

CHANCELLOR

Renu Khator

DATE

Report to the Audit and Compliance Committee
of the University of Houston System
Board of Regents
February 23, 2023

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

FY23 INTERNAL AUDIT ACTIVITY
since November 30, 2022

and

INTERNAL AUDIT REPORTS

AR2023-08 Contracts Requiring Board of Regents' Approval
AR2023-09 UH Education Research Center

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.

FY23 Internal Audit Activity

Since November 30, 2022 Board of Regents Meeting

Audits Completed

- Contracts Requiring Board of Regents Approval (UHS)
AR2023-01
AR2023-08
- Board of Regents Travel and Entertainment FY22
AR2023-02
- Chancellor/President's Travel and Entertainment FY22 (UHS/UH)
AR2023-03
- UHCL President's Travel and Entertainment FY22
AR2022-04
- UHD President's Travel and Entertainment FY22
AR2023-05
- UHV President's Travel and Entertainment FY22
AR2023-06
- UHCL Research Governance and Process Overview
- AR2023-08 UH Education Research Center
AR2023-09
- UHS Annual Procurement Report

Internal Audit 02/23/23

Special Projects Completed

- UHS Institutional Compliance Fraud and Non-Compliance Hotline (~15 Reports Received since November 30, 2022)

Audits in Progress

- Research Governance and Process Overview (UH)
- Compliance Program Analysis (UH, UHCL, UHD and UHV)
- Travel Expense (UH, UHCL, UHD and UHV)
- Board of Regents Travel and Entertainment FY23
- President's Travel and Entertainment FY23 (UH, UHCL, UHD and UHV)
- Contracts Requiring Board of Regents Approval (UHS)
- Procurement Card Management (UH, UHCL, UHD, and UHV)
- Research Labs (UH, UHCL, UHD, and UHV)

130

Special Projects in Progress

- UHS Institutional Compliance Fraud and Non-Compliance Hotline (Varies per FY)
- UH/UHD Formula Funding issue – referred by THECB
- UH information security (multiple reports)
- UHCL Apartment Contract
- UH Bursar's Office

Audits in Planning

- Research Data Security

Cancelled Audits

- NCAA Rules Compliance
- UH Football Attendance



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

CONTRACTS REQUIRING BOARD OF REGENTS APPROVAL
AR2023-08

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT



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

MEMORANDUM

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

Dr. Renu Khator
Chancellor/President, UHS/UH

FROM: Phillip W. Hurd
Chief Audit Executive

DATE: January 4, 2023

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 October 1, 2022, through December 31, 2022. 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 February 23, 2023 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
October 1, 2022 through December 31, 2022

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 October 1, 2022 through December 31, 2022.

Audit Procedures: For each solicitation we review the following:

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

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

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



Phillip W. Hurd
Chief Audit Executive
December 31, 2022

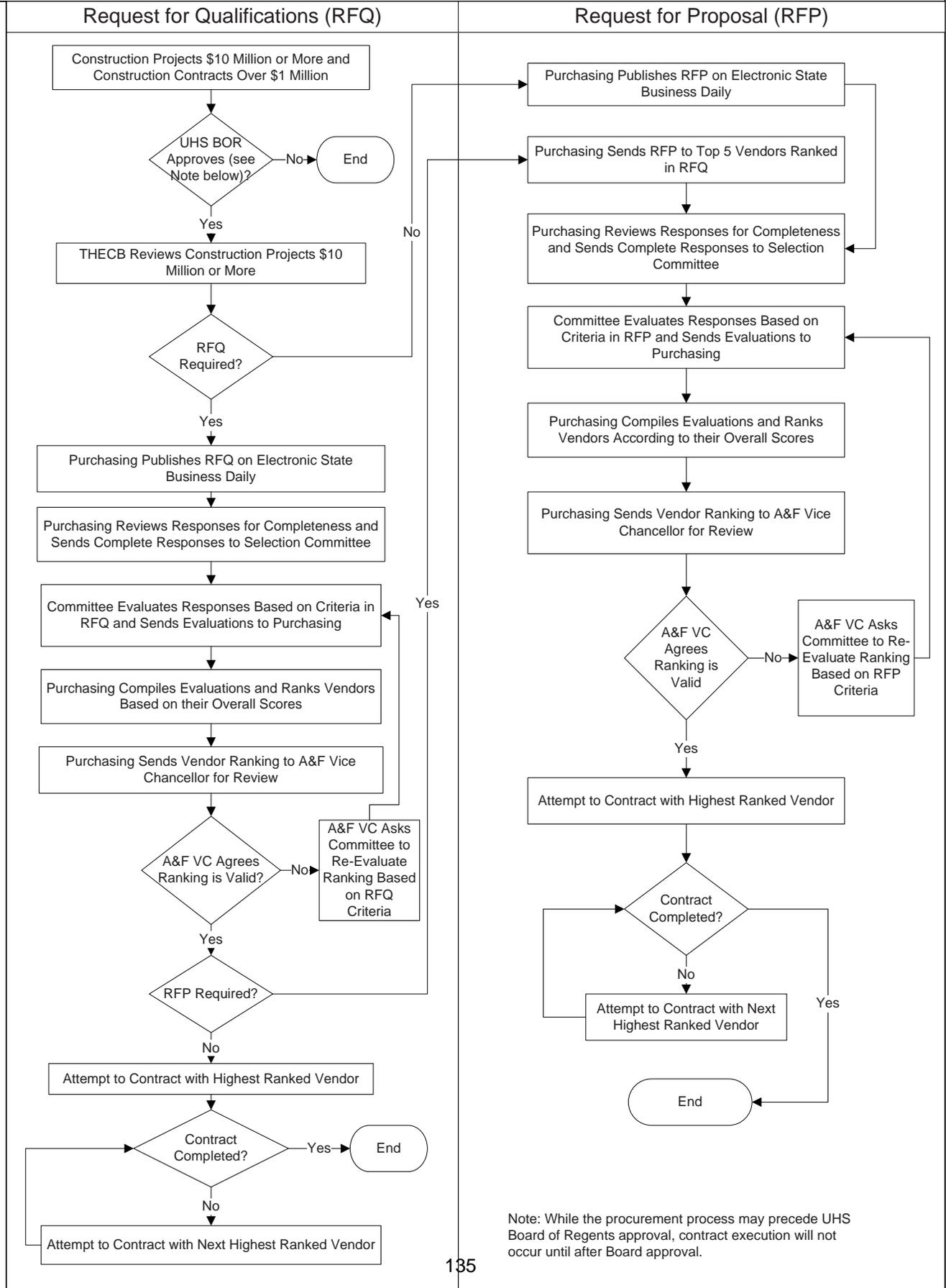
Contracts Requiring Board of Regents Approval
Internal Audit Activity
October 1, 2022 to December 31, 2022

Project or Contract Description	Solicitation Type	(\$ Millions) Amount	BOR Approval		Internal Audit Review	
			FCMP Comm. (Scope) Date	F&A Comm. (Financing) Date	Initiated	Completed
Construction Projects \$10 Million and Over						
UHS - System-Wide Energy Supply	RFP	200.0	12/2/2021	12/2/2021	✓	
UH - CMAR College of Technology Building at UH Sugar Land	RFP	53.4	12/2/2021	12/2/2021	✓	
UH - CMP Campus Lighting and Security Phase II	RFQ	18.0	5/19/2022	5/19/2022	✓	✓
Construction Projects Over \$1 Million and Under \$10 Million						
UHV - A&E for University North and Northwest Phase II	RFQ	2.0	N/A	5/19/2022	✓	✓
UHV - UHV Center Building Roof Replacement and Waterproofing	RFP	2.0	N/A	5/19/2022	✓	✓
UH - Houston Public Media Infrastructure Upgrades	RFP	3.0	N/A	2/23/2023	✓	✓
UH - Fine Arts Foundation Repair	RFP	1.6	N/A	2/23/2023	✓	✓
Non-Construction Contracts Over \$1 Million						
UHS - Campus Card System	RFP	2.8	N/A	8/25/2022	✓	✓
UH - Hilton Food Services	RFP	11.8	N/A	12/1/2022	✓	✓
UH - University of Houston Magazine	RFP	3.0	N/A	2/23/2023	✓	
UH - Parking Management Services	RFP	10.0	N/A	2/23/2023	✓	
UHS - Snack Vending	RFP	1.1	N/A	2/23/2023	✓	✓

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

RFP - Request for Proposal
 RFQ - Request for Qualifications
 FE - Furnishings and Equipment
 CSP - Competitive Sealed Proposal

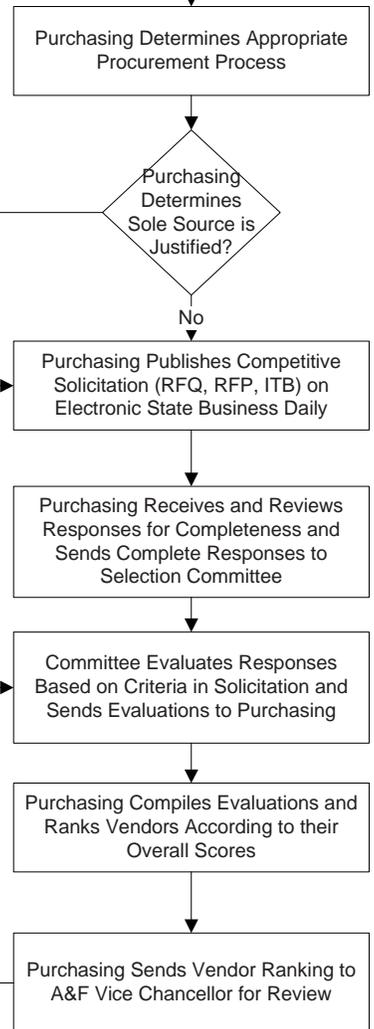
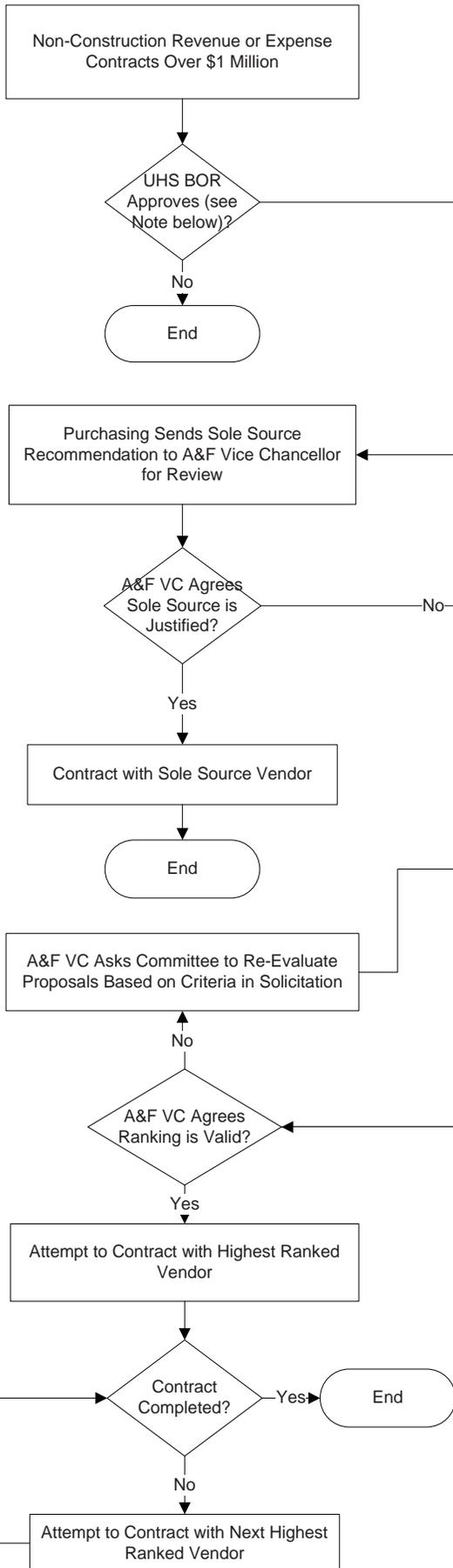
University of Houston System Construction Projects \$10 Million or More and Construction Contracts Over \$1 Million



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

Approval Process

Procurement Process



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:

**UNIVERSITY OF HOUSTON
EDUCATION RESEARCH CENTER
AR2023-09**

UNIVERSITY of HOUSTON SYSTEM

INTERNAL AUDITING DEPARTMENT

TABLE OF CONTENTS AND SUMMARY

EXECUTIVE SUMMARY..... 3

OBJECTIVE AND SCOPE..... 4

ISSUE 1– IRB APPROVAL..... 5

Objective 5

Criteria..... 5

Risk..... 5

Observation 5

Conclusion 5

Recommendation: 5

Management’s Response:..... 5

EXECUTIVE SUMMARY

Overview and Scope Summary

The University of Houston Education Research Center (UH ERC) was established in 2017. An agreement between the Texas Higher Education Coordinating Board (THECB) and the University of Houston center upon the UH ERC establishing appropriate policies and procedures and data protection. An annual audit of the UH ERC is required to ensure compliance with the terms and conditions agreed to between the parties.

Observations

During the audit, Internal Auditing Department (IAD) focused on evaluating compliance with the requirements in the agreement. IAD sampled 17 projects. Of the 17 projects sampled, two projects had an IRB expiration date prior to the beginning of Fiscal Year 2022.

Overall Audit Opinion

IAD identified minor improvements to policies and procedures related to maintaining valid Institutional Review Board (IRB) approvals.

Recommendations:

IAD recommends UH ERC improve policies and procedures related to reviewing and maintaining IRB approvals and exemptions by documenting expiration dates to ensure researcher's IRB approval or exemption do not expire.

ANALYSIS OF THE UNIVERSITY OF HOUSTON EDUCATION RESEARCH CENTER MANAGEMENT ACTION BRIEFING

OBJECTIVE AND SCOPE

The objective of the audit was to ensure compliance with the requirements established in the agreement between the THECB and the UH ERC for Fiscal Year 2022.

IAD focused on the following compliance areas:

- Confidentiality/non-disclosure
- Policies and procedures
- Information technology security
- Information technology access
- Data storage
- Data transmission

Observations

During the audit, Internal Auditing Department (IAD) focused on evaluating compliance with the requirements in the agreement. IAD sampled 17 projects. Of the 17 projects sampled, two projects had an IRB expiration date prior to the beginning of Fiscal Year 2022.

During the review, IAD noted Rice University's was the only university that had an IRB exemption expiring in one year. Because of this finding, IAD expanded the testing and requested 100% of IRB approval for all Rice University projects. No additional issues were identified.

Overall Audit Opinion

IAD identified minor improvements to policies and procedures related to maintaining valid Institutional Review Board (IRB) approvals.

Recommendations:

IAD recommends UH ERC improve policies and procedures related to reviewing and maintaining IRB approvals and exemptions by documenting expiration dates to ensure researcher's IRB approval or exemption do not expire.

ISSUE 1– IRB APPROVAL

Objective: To determine the UH ERC complies with the requirement to obtain IRB approval or exemption related to human research subjects.

Criteria: Section 4.0 of the agreement requires UH ERC to abide by UH Institutional Review Board (IRB) Policies and Procedures regarding human subjects. The UH ERC shall provide evidence of approval from the IRB or justification for exclusion from the IRB process before a researcher has access to any data.

Risk: Researchers must understand and follow the guidelines established by the IRB to ensure safety of human research subjects so that research funding is not jeopardized.

Observation: UH ERC researchers must apply to their home institution IRB for approval or exemption for all research projects.

IAD obtained a listing of researchers with UH ERC projects and selected a sample of 10 researchers from the 101 researchers identified. IAD requested UH ERC to provide a copy of the current IRB project approval or exemption.

One researcher having three different UH ERC projects obtained approval from their home institution's IRB prior to before the researcher had access to any data. However, the IRB approval listed an expiration date prior to the beginning of Fiscal Year 2022. IAD considered this approval expired for Fiscal Year 2022.

Conclusion: The UH ERC allowed research projects that did not have human subjects to continue with an expired IRB exemption. The issues identified in this report reflect minor control weaknesses related to compliance with the agreement requirements.

Recommendation:

IAD recommends UH ERC improve policies and procedures related to reviewing and maintaining IRB approvals and exemptions by documenting expiration dates to ensure researcher's IRB approval or exemption do not expire.

Management's Response:

Staff have contacted the researcher with the expired IRB identified to secure an approved IRB to continue the study. Staff have reviewed the IRB documentation requirements when establishing approved projects. In addition, staff are in the process of reviewing the IRB approvals for all UH ERC projects to confirm any identified IRB end dates and identify any projects that may need to secure new IRB documentation. Expected completion date February 28, 2023.

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

Sincerely,

A handwritten signature in black ink that reads "Phillip W. Hurd". The signature is written in a cursive style with a large, sweeping flourish over the "H" and "U".

Phillip W. Hurd
Chief Audit Executive
University of Houston System

PWH/pwh/AP Audit

Participating Auditors: Brandee O'Neal, Connie Applebach and Kim Gerry

UNIVERSITY of HOUSTON

INTERNAL AUDITING DEPARTMENT

Action Item Number	Audit Area	University	Recommendation Summary	Task	Responsible Person	Target Date	Status
1	IRB Updated Procedures	UH	IAD recommends UH ERC improve policies and procedures related to reviewing and maintaining IRB approvals and exemptions by documenting expiration dates to ensure researcher's IRB approval or exemption do not expire.	Staff are in the process of reviewing the IRB approvals for all UH ERC projects to confirm any identified IRB end dates and identify any projects that may need to secure new IRB documentation. Expected completion date February 28, 2023.	Jeanette Narvaez	2/28/2023	