
AGENDA

UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

DATE: Thursday, August 21, 2025
TIME: 10:00 AM
PLACE: University of Houston Athletics/Alumni Center
Melcher Boardroom,
3204 Cullen Boulevard
Houston, Texas 77204

Chair: Gregory C. King
Members: Alonzo Cantu
Jack Moore
Ricky Raven

- I. **Audit and Compliance Committee**
Presenter: Chair Greg C. King
- A. Call to Order
Presenter: Chair Greg C. King
- B. Approval of Committee Minutes

- May 14, 2025, Audit & Compliance Committee Meeting

Action: Approval
- C. Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended July 31, 2025, and Annual Compliance Initiative 4

Action: Information
Presenter: Sergio Leal, Chief Compliance Officer
- D. State Required Report – Employee Reporting of Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking 14

Action: Information

Presenter: Rebecca Lake, Assistant VP Equal Opportunity Services

- E. Report on University of Houston System, Audit and Compliance Committee Charter and Checklist 22

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

- F. Report on University of Houston System, Audit and Compliance Committee Planner 30

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

- G. Report on University of Houston System, Annual Internal Audit Plan and Presentation on Compliance with the new Institute of Internal Auditors' (IIA) Global Internal Audit Standards 37

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

- H. Report on University of Houston System, UH System Support Organizations,47 Fiscal Year 2024
- Compliance Review of UH System Support Organizations
 - UH System Support Organizations Report

I.

Action: Information

Presenter: Phil Hurd, Chief Audit Executive

- J. Report on University of Houston System, Internal Audit Reports 51

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 Greg C. King

IV. **Adjourn**

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended July 31, 2025, and Annual Compliance Initiative

DATE PREVIOUSLY SUBMITTED: May 15, 2025

SUMMARY:

The Institutional Compliance Hotline Report summarizes the fraud and non-compliance hotline reports received for each institution during the applicable quarter, including the primary issue associated with the reports. The report also details the annual compliance initiative for FY 2026.

SUPPORTING DOCUMENTATION: Institutional Compliance Hotline Report; Annual Compliance Initiative

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

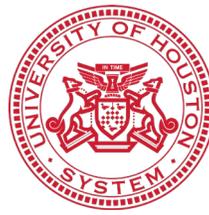
COMPONENT: University of Houston System

| | | |
|---|----------------|-------------|
|  | | 7/21/25 |
| <hr/> | | <hr/> |
| SYSTEM-WIDE COMPLIANCE OFFICER | Sergio V. Leal | DATE |
|  | | 8/18/25 |
| <hr/> | | <hr/> |
| CHANCELLOR | Renu Khator | DATE |

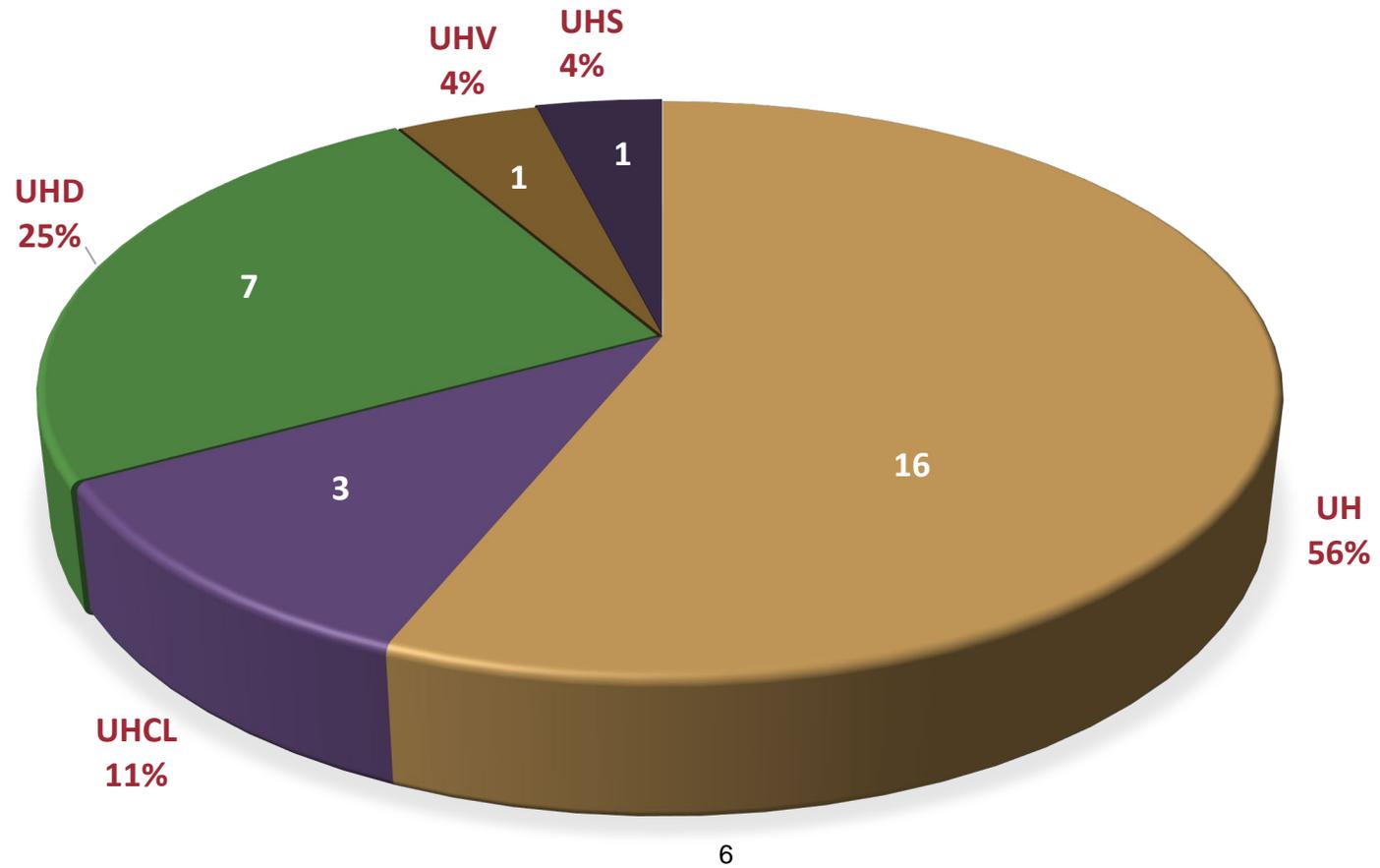


University of Houston System

Institutional Compliance Hotline Report
for the three months ended July 31, 2025



Hotline Reports for all UHS Universities

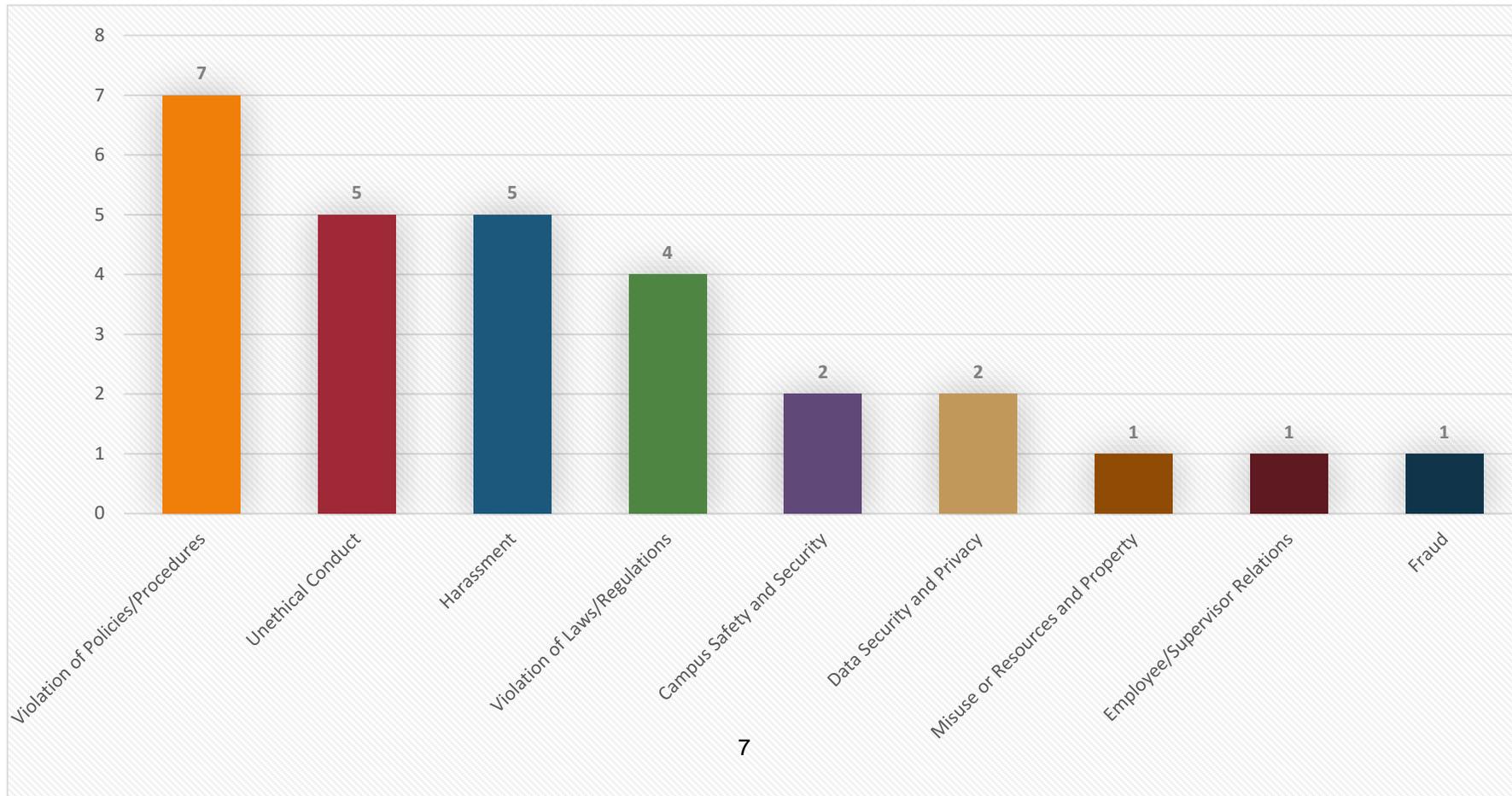


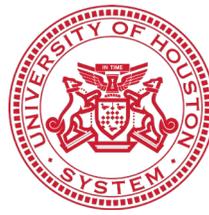
UHS Total: 28



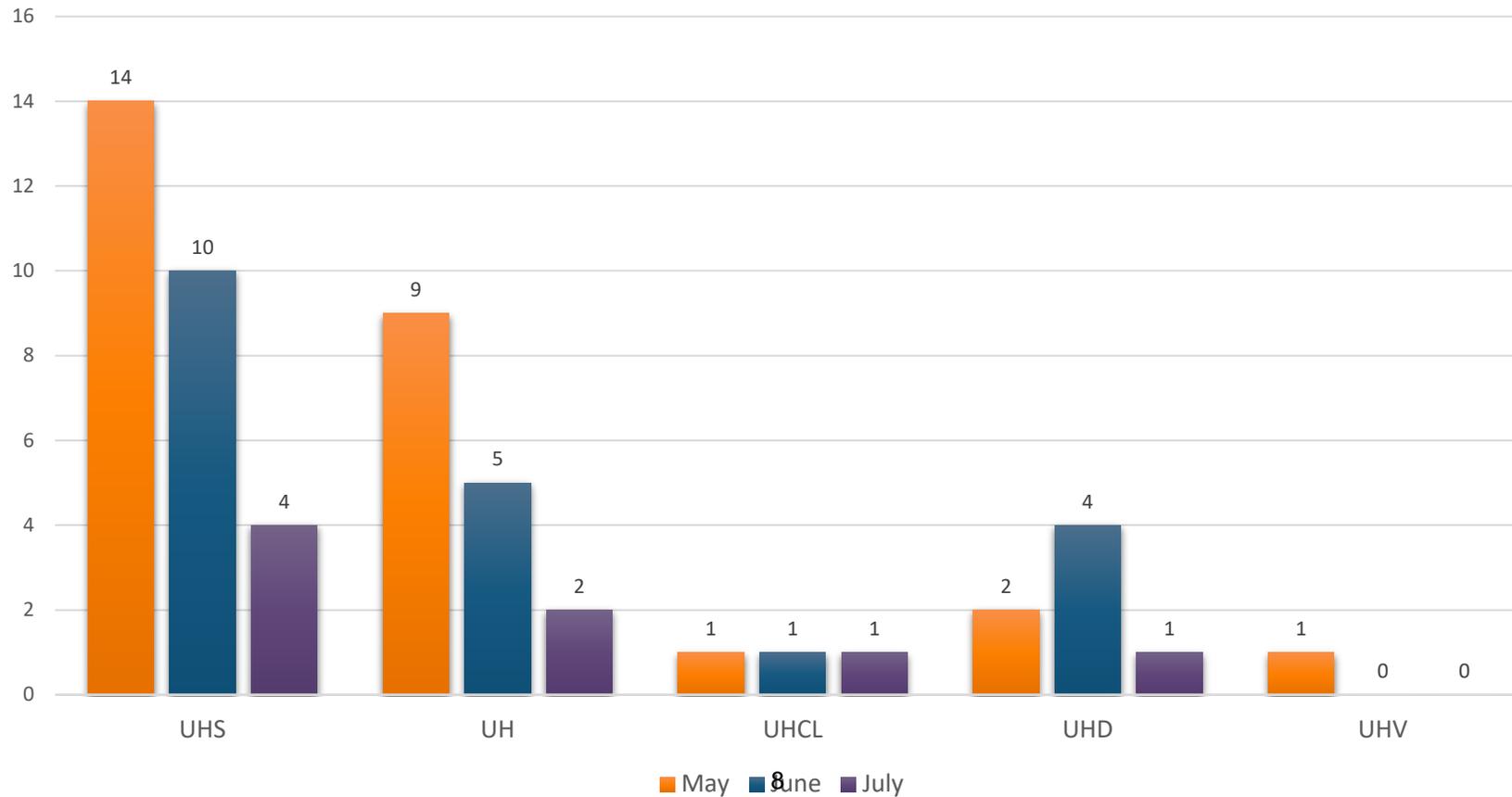
Reported Issues by Type Across UHS

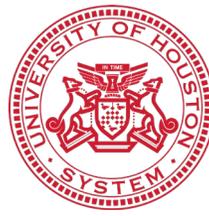
UHS Total: 28





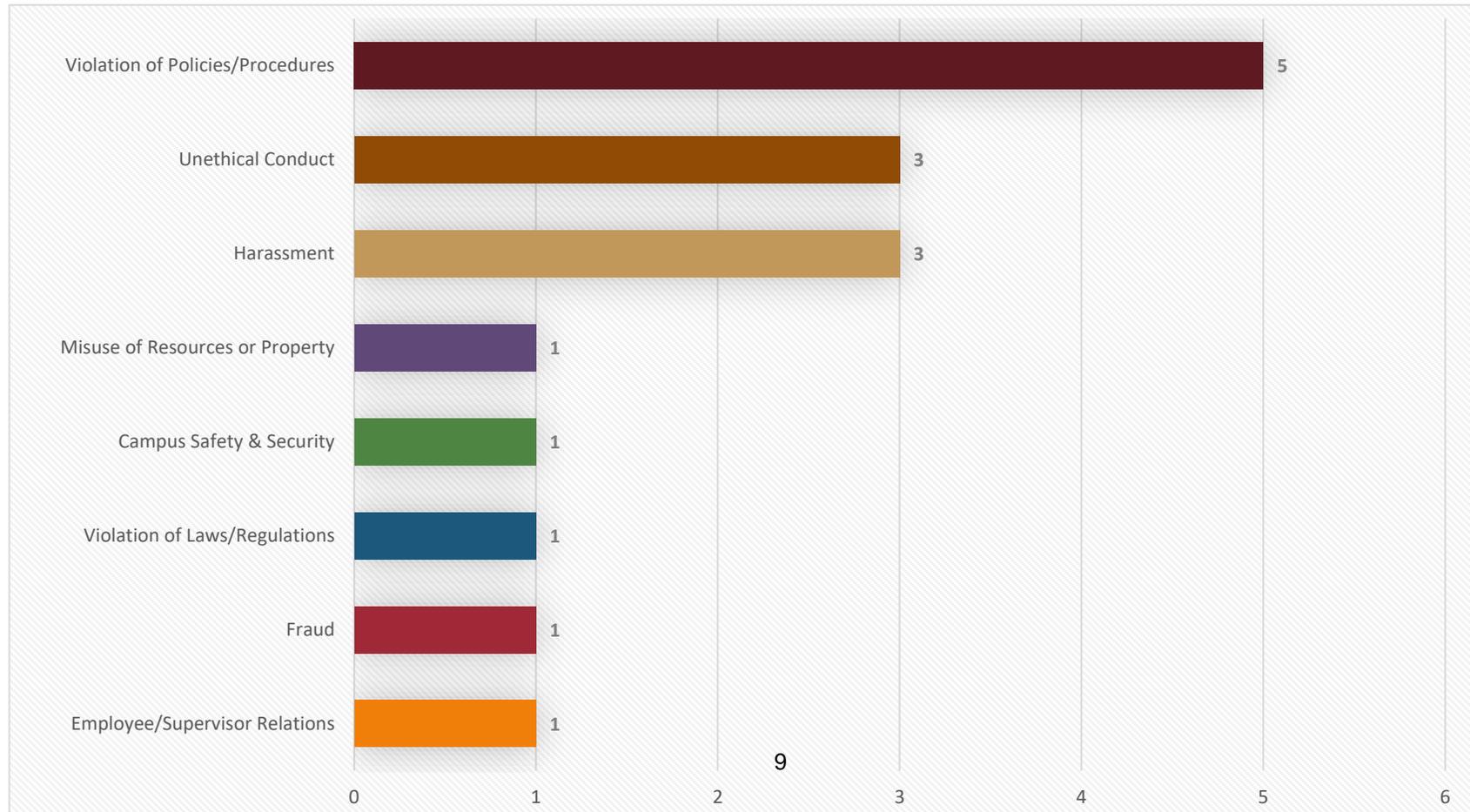
Issues Reported by Month

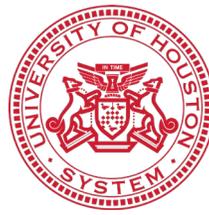




UH Issue Breakdown

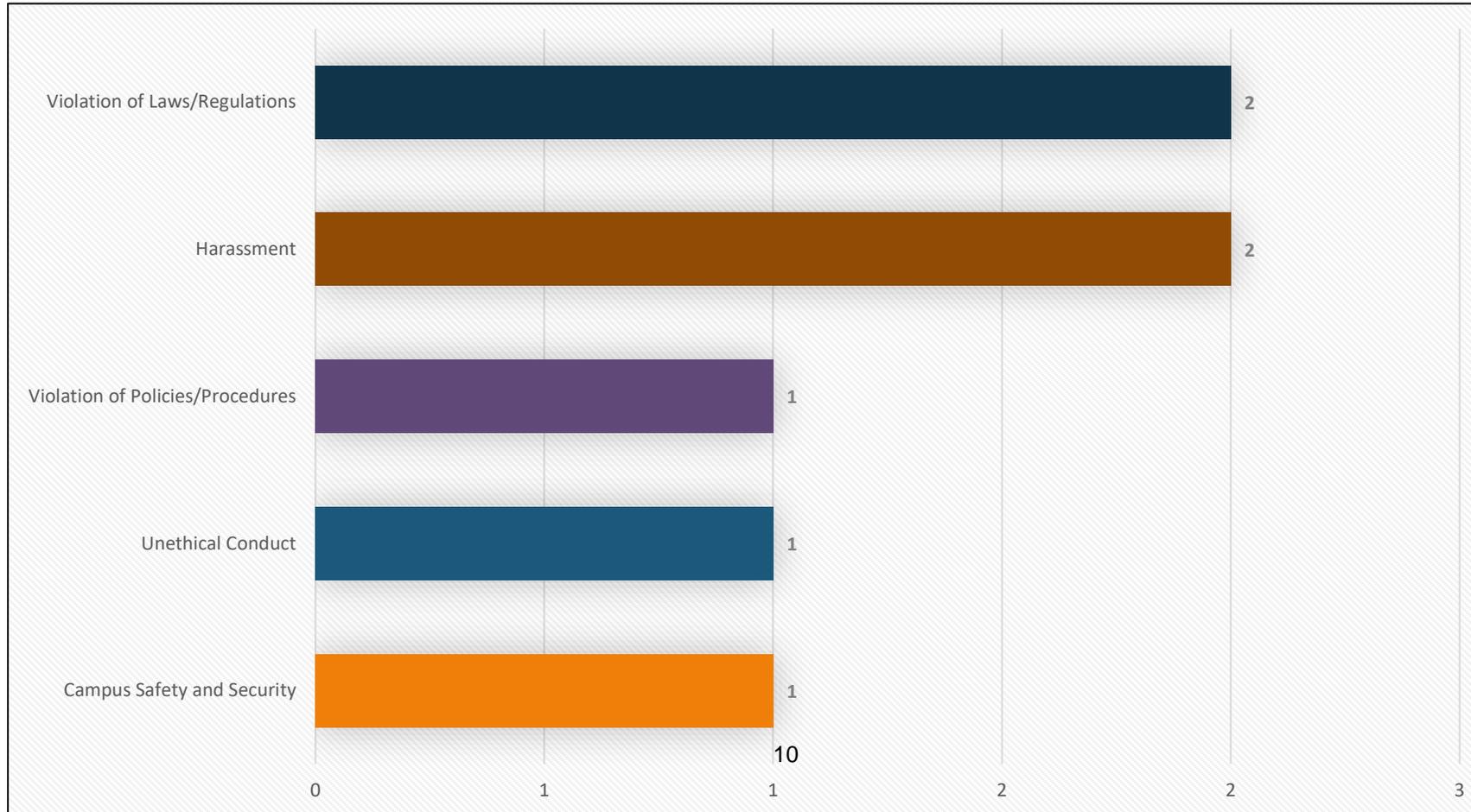
UH Total: 16

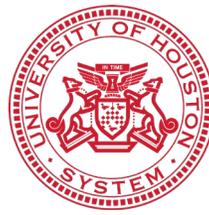




UHD Issue Breakdown

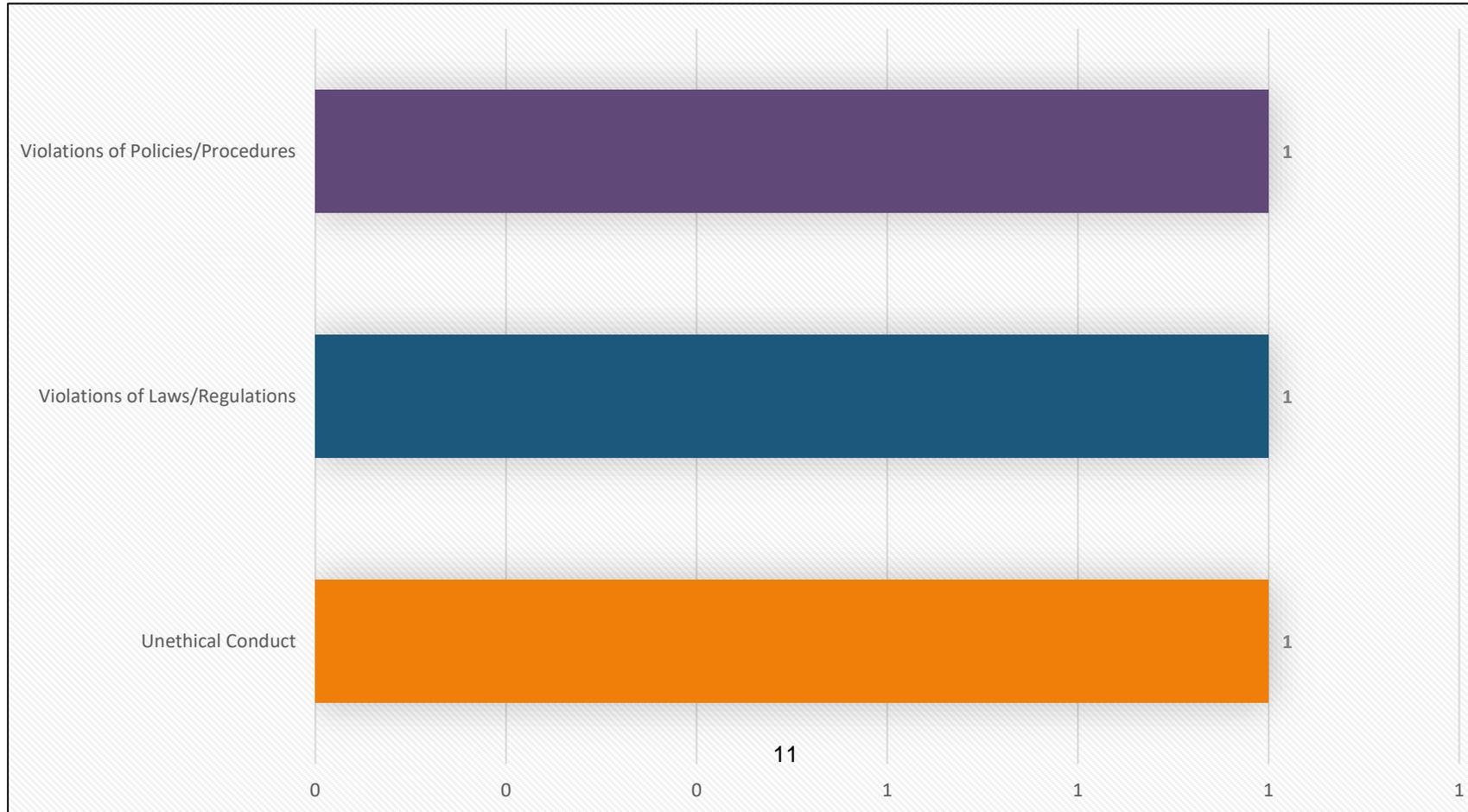
UHD Total: 7

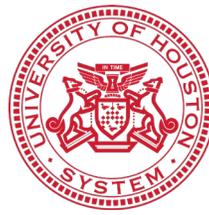




UHCL Issue Breakdown

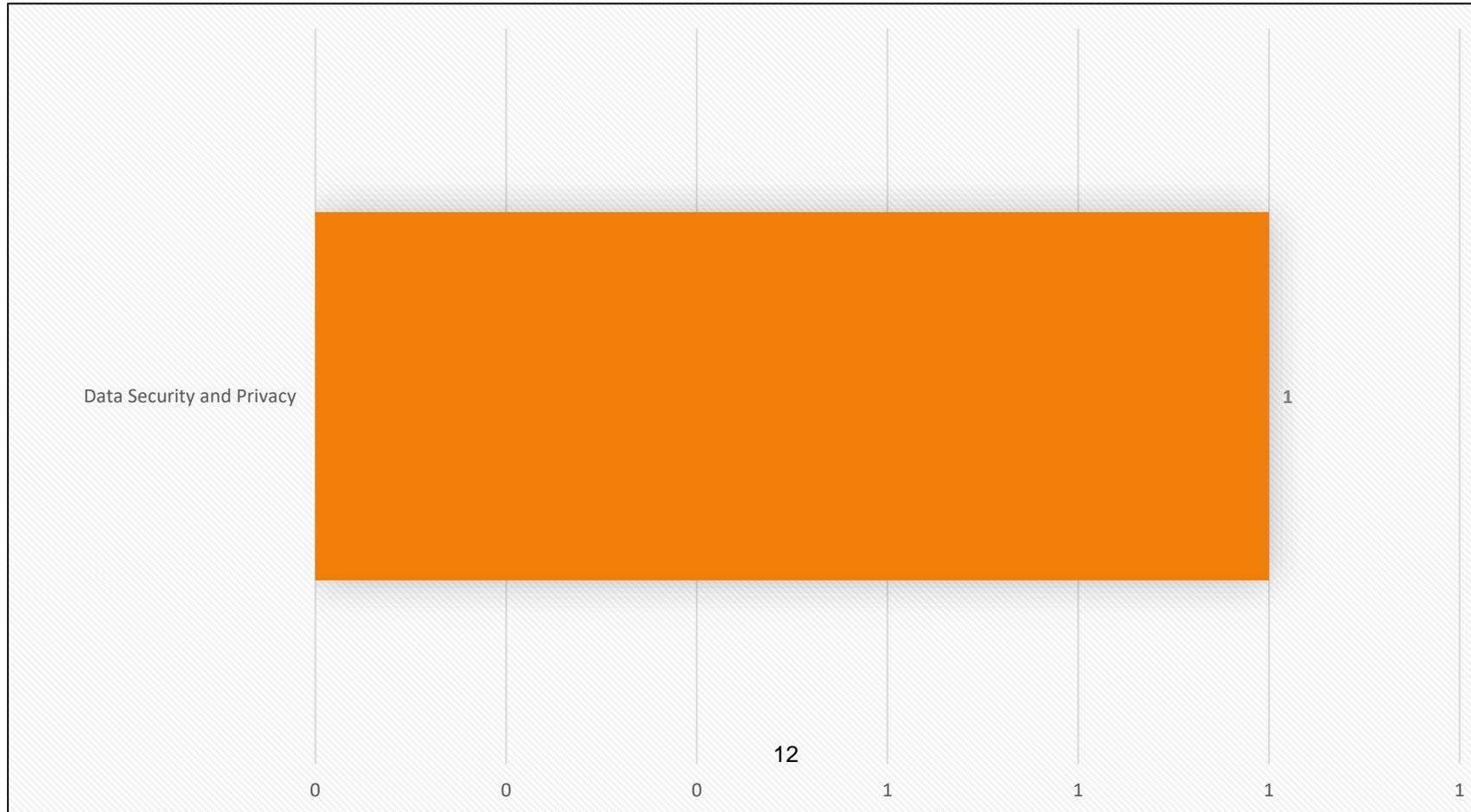
UHCL Total: 3

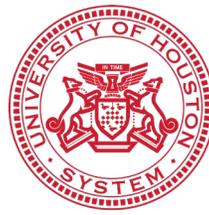




UHV Issue Breakdown

UHV Total: 1





Annual Compliance Initiative

Compliance Culture

Employees (both faculty and staff) who supervise others play a key role in building and maintaining a strong culture of compliance. Supervisors are often the first people to spot problems and respond when someone raises a concern. It's important that these leaders have the knowledge, tools, and support they need to set a good example, recognize risks, and respond the right way. This helps lower the risk to the entire University of Houston System ("System").

In 2024, the Office of Compliance and Ethics created and shared a survey on compliance culture at the central campus university. The feedback from the survey is being used to develop resources that support ethical leadership and better decision-making. In 2025, the survey will be given at all System universities to gather feedback System-wide and provide consistent resources and support to all System employees who supervise others.

This year's plan includes new tools and training to help supervisors understand their role in managing risks and creating a workplace where employees feel safe speaking up. The training will also help leaders know when they can handle an issue themselves and when they need to involve HR, Legal, or Compliance.

We're also reviewing all 40 compliance subject areas across the System to check for strong controls and awareness. In addition, the System is planning to switch to a new allegation-management hotline, and leaders will be trained on how to report issues correctly and work with the right departments.

By focusing on leadership development and ethical behavior, the 2025 initiative aims to build a stronger and more open culture of compliance across the System. We expect supervisors to better understand their responsibilities, handle concerns more effectively, and help employees feel confident in speaking up. These efforts will help the System address problems early, build trust, and reduce the chances of legal or reputational issues.

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

COMMITTEE: Audit and Compliance

ITEM: State Required Report – Employee Reporting of Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking

DATE PREVIOUSLY SUBMITTED: August 21, 2024

SUMMARY:

This presentation provides an overview of annual data from state reporting mandates – Reporting Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking.

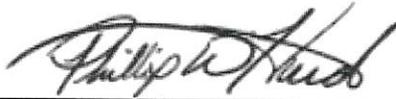
SUPPORTING

DOCUMENTATION: Report by Rebecca Lake, AVC/AVP, Equal Opportunity Services, UHS/UH

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

7/16/25

DATE



CHANCELLOR

Renu Khator

8/18/25

DATE

Chief Executive Officer Report

TO: **University of Houston System – Board of Regents**
VIA: Rebecca Lake, Assistant VC/VP, Equal Opportunity Services
FROM: **Chancellor Renu Khator**, Chief Executive Officer, University of Houston System and University of Houston
President Loren Blanchard, Chief Executive Officer, University of Houston-Downtown
President Bob Glenn, Chief Executive Officer, University of Houston-Victoria
President Richard Walker, Chief Executive Officer, University of Houston-Clear Lake
DATE: August 8, 2025
RE: Chief Executive Officer Reporting Requirements under Tex. Educ. Code § 51.253(c)

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

For the purpose of complying with the Chief Executive Officer’s reporting requirements under the TEC, Section 51.253(c), the attached summary data reports¹ (Appendices A-E) include all of the required reporting information to the **University of Houston System – Board of Regents** for the time period of **July 1, 2024 through June 30, 2025**.

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

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

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

**Appendix A: University of Houston System
Summary Data Report
July 1, 2024 – June 30, 2025**

| Texas Education Code, Section 51.252 | |
|--|--------------|
| Number of reports* received under Section 51.252 | 12 |
| Number of confidential reports under Section 51.252 | -- |
| Number of formal investigations conducted under Section 51.252** | -- |
| Disposition of any disciplinary processes for reports under Section 51.252: | 1 |
| a. Concluded, No Finding of Policy Violation | -- |
| b. Concluded, with Employee Disciplinary Sanction | -- |
| c. Concluded, with Student Disciplinary Sanction | -- |
| d. Pending formal investigation | 1 |
| e. SUBTOTAL | 1 |
| Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process: | 11 |
| a. Unidentified or unaffiliated respondent | 3 |
| b. Confidential report (unidentified complainant) | -- |
| c. Insufficient information to investigate | 8 (1) |
| d. Complainant requested no investigation | -- |
| e. Other administrative closure or informal resolution | -- |
| f. Preliminary investigation pending | -- |

* Cases above include consolidated cases featuring multiple incoming reports.

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

Cases in “()” were reported in a previous annual report but concluded in the current year.

Confidential reports may be duplicate reports as party identity cannot be compared.

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

**Appendix B: University of Houston
Summary Data Report
July 1, 2024 – June 30, 2025**

| Texas Education Code, Section 51.252 | |
|--|----------------|
| Number of reports* received under Section 51.252 | 529 |
| Number of confidential reports under Section 51.252 | 71 |
| Number of formal investigations conducted under Section 51.252** | 11 (8) |
| Disposition of any disciplinary processes for reports under Section 51.252: | -- |
| a. Concluded, No Finding of Policy Violation | 4 (8) |
| b. Concluded, with Employee Disciplinary Sanction | -- |
| c. Concluded, with Student Disciplinary Sanction | -- |
| d. Pending formal investigation | 7 |
| e. SUBTOTAL | 11 (8) |
| Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process: | 518 (7) |
| a. Unidentified or unaffiliated respondent | 228 (1) |
| b. Confidential report (unidentified complainant) | 71 |
| c. Insufficient information to investigate | 204 (6) |
| d. Complainant requested no investigation | -- |
| e. Other administrative closure or informal resolution | 8 |
| f. Preliminary investigation pending | 7 |

* Cases above include consolidated cases featuring multiple incoming reports.

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

Cases in “()” were pending in a previous report and concluded in the current reporting year.

Confidential reports may be duplicate reports as party identity cannot be compared.

| Texas Education Code, Section 51.255 | |
|--|----------------|
| Number of reports received that include allegations of an employee’s failure to report or who submits a false report to the institution under Section 51.255(a) | 2 |
| Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c): | Not applicable |
| a. Employee termination | -- |
| b. Institutional intent to termination, in lieu of employee resignation | -- |
| c. Pending investigation | 1 |

**Appendix C: University of Houston-Clear Lake
Summary Data Report
July 1, 2024 – June 30, 2025**

| Texas Education Code, Section 51.252 | |
|--|-----------|
| Number of reports* received under Section 51.252 | 68 |
| Number of confidential reports under Section 51.252 | 10 |
| Number of formal investigations conducted under Section 51.252** | -- |
| Disposition of any disciplinary processes for reports under Section 51.252: | -- |
| f. Concluded, No Finding of Policy Violation | -- |
| g. Concluded, with Employee Disciplinary Sanction | -- |
| h. Concluded, with Student Disciplinary Sanction | -- |
| i. Pending formal investigation | -- |
| j. SUBTOTAL | -- |
| Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process: | 68 |
| g. Unidentified or unaffiliated respondent | 35 |
| h. Confidential report (unidentified complainant) | 10 |
| i. Insufficient information to investigate | 11 |
| j. Complainant requested no investigation | 8 |
| k. Other administrative closure or informal resolution | 4 |
| l. Preliminary investigation pending | -- |

* Cases above include consolidated cases featuring multiple incoming reports.

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

Confidential reports may be duplicate reports as party identity cannot be compared.

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

**Appendix D: University of Houston-Downtown
Summary Data Report
July 1, 2024 – June 30, 2025**

| Texas Education Code, Section 51.252 | |
|--|------------|
| Number of reports* received under Section 51.252 | 105 |
| Number of confidential reports under Section 51.252 | 13 |
| Number of formal investigations conducted under Section 51.252** | -- |
| Disposition of any disciplinary processes for reports under Section 51.252: | -- |
| k. Concluded, No Finding of Policy Violation | -- |
| l. Concluded, with Employee Disciplinary Sanction | -- |
| m. Concluded, with Student Disciplinary Sanction | -- |
| n. Pending formal investigation | -- |
| o. SUBTOTAL | -- |
| Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process: | 105 |
| m. Unidentified or unaffiliated respondent | 62 |
| n. Confidential report (unidentified complainant) | 13 |
| o. Insufficient information to investigate | 28 |
| p. Complainant requested no investigation | 1 |
| q. Other administrative closure or informal resolution | -- |
| r. Preliminary investigation pending | 1 |

* Cases above include consolidated cases featuring multiple incoming reports.

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

Confidential reports may be duplicate reports as party identity cannot be compared.

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

**Appendix E: University of Houston-Victoria
Summary Data Report
July 1, 2024 – June 30, 2025**

| Texas Education Code, Section 51.252 | |
|--|-----------|
| Number of reports* received under Section 51.252 | 22 |
| Number of confidential reports under Section 51.252 | -- |
| Number of formal investigations conducted under Section 51.252** | 1 |
| Disposition of any disciplinary processes for reports under Section 51.252: | -- |
| p. Concluded, No Finding of Policy Violation | -- |
| q. Concluded, with Employee Disciplinary Sanction | -- |
| r. Concluded, with Student Disciplinary Sanction | -- |
| s. Pending formal investigation | 1 |
| t. SUBTOTAL | 1 |
| Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process: | 21 |
| s. Unidentified or unaffiliated respondent | 14 |
| t. Confidential report (unidentified complainant) | -- |
| u. Insufficient information to investigate | 4 |
| v. Complainant requested no investigation | -- |
| w. Other administrative closure or informal resolution | 3 |
| x. Preliminary investigation pending | -- |

* Cases above include consolidated cases featuring multiple incoming reports.

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

Confidential reports may be duplicate reports as party identity cannot be compared.

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

Appendix F: Glossary

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

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

COMMITTEE: Audit and Compliance

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

DATE PREVIOUSLY SUBMITTED: August 23, 2023

SUMMARY:

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

**SUPPORTING
DOCUMENTATION:**

Audit and Compliance Committee Charter and Checklist

FISCAL NOTE:

None

**RECOMMENDATION/
ACTION REQUESTED:**

For Approval by Committee Only

COMPONENT:

University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

7/16/2025

DATE



CHANCELLOR

Renu Khator

8/18/25

DATE

University of Houston System

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

Role

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

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

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

Membership

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

Reporting

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

University of Houston System

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

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

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

Education

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

Authority

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

Responsibilities

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

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

University of Houston System

CHECKLIST

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

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

University of Houston System

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

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

University of Houston System

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

University of Houston System

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

University of Houston System

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

Last reviewed: **August 2025**

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

COMMITTEE: Audit and Compliance

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

DATE PREVIOUSLY SUBMITTED: August 21, 2024

SUMMARY:

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

SUPPORTING DOCUMENTATION: Audit and Compliance Committee Planner

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** For Approval by Committee Only

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

7/16/25

DATE



CHANCELLOR Renu Khator

8/18/25

DATE

University of Houston System Audit & Compliance Committee Planner

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

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

University of Houston System Audit & Compliance Committee Planner

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

University of Houston System Audit & Compliance Committee Planner

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

University of Houston System Audit & Compliance Committee Planner

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

| | | | | | | |
|-----|---|---|---|---|---|---|
| .01 | Review the annual compliance plan completed by the Compliance Officer and/or Compliance Office. | A | | | X | |
| .02 | Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant institutional risks identified during the year and mitigating actions taken. (22a) | Q | X | X | X | X |
| .03 | Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant findings during the year and management's responses thereto. (22b) | Q | X | X | X | X |
| .04 | Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information. (22c) | Q | X | X | X | X |
| .05 | Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any changes required in planned scope of the compliance action plan. (22d) | Q | X | X | X | X |
| .06 | The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters. (24) | Q | X | X | X | X |
| .07 | The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities and receive a status update on the annual regent certification statements. (23) | A | | | | X |
| .08 | The Committee shall conduct an annual review of the report on compliance of each support organization. (27) | A | | | X | |

5. Other:

University of Houston System Audit & Compliance Committee Planner

| Item | Frequency Q - Quarterly A - Annually AN - As needed | Jan- Mar | Apr- Jun | Jul- Sep | Oct- Dec |
|-------------|---|---------------------|---------------------|---------------------|---------------------|
|-------------|---|---------------------|---------------------|---------------------|---------------------|

Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.

| | | | | | |
|-----|--|---------------|---|---|---|
| .01 | The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law. (25) | A & AN | | | X |
| .02 | Inquire of and discuss with executive management, the Chief Audit Executive, and the System-wide Compliance Officer any instances of fraud, errors, and illegal acts. | AN | | | |
| .03 | The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to The University of Houston System. (12) | A | | X | |
| .04 | The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise: a. The adequacy of U. H. System's internal controls including computerized information system controls and security; and b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions. (13a & b) | A | | X | |
| .05 | The Committee shall evaluate management's identification of fraud risks, the implementation of antifraud prevention and detection measures, and the creation of the appropriate "tone at the top" by reviewing an annual report which summarizes the fraud risk analyses and related risk mitigation strategies. (28) | A | | | X |
| .06 | The Committee shall receive an annual report of the Identity Theft Prevention program. (29) | A | | | X |
| .07 | The Committee shall receive an annual procurement report. (30) | A | | | X |
| .08 | The Committee shall receive an audit report on the safety and security of the institution's facilities at least once every three years (Texas Education Code 51.217) (32) | Every 3 years | X | | |

Legend:

Q - Quarterly
A - Annually
AN - As Needed

University of Houston System Audit & Compliance Committee Planner

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

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

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

(#'s)
 The numbers noted in parenthesis at the bottom right of the item description refer to the number of the item in the Responsibilities Checklist for the Audit & Compliance Committee (AC Checklist).

Last reviewed 08/21/24 August 2025

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Annual Internal Audit Plan and Presentation on Compliance with the new Institute of Internal Auditors' (IIA) Global Internal Audit Standards

DATE PREVIOUSLY SUBMITTED: August 21, 2024

SUMMARY:

Attached for your review and approval is the UHS Internal Auditing Department Annual Internal Audit Plan for Fiscal Year 2026 (Audit Plan). The Audit Plan has been prepared to meet the requirements of the Board of Regents policy and the Texas Internal Auditing Act (Texas Government Code, Sec. 2102), as amended. The Texas Internal Auditing Act requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame.

The Internal Audit Department continues to integrate analytics, computer assisted auditing techniques (CAAT), Robotic Process Automation (RPA), and basic artificial intelligence (AI) in the audit process to better serve the UHS community.

The UHS Internal Auditing Department is taking necessary steps to comply with the IIA's Global Internal Auditing Standards.

SUPPORTING DOCUMENTATION: Annual Internal Audit Plan, FY 2026

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** For Approval by Committee Only

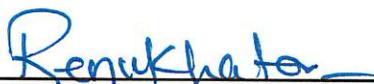
COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

7/16/25

DATE



CHANCELLOR Renu Khator

8/18/25

DATE

University of Houston System Internal Audit Strategic Plan

FY2025–FY2029

Mission

To deliver independent, timely, and insightful audit and consulting services that safeguard the integrity of the University of Houston System (UHS). We proactively identify and mitigate risks, ensure compliance, and enhance institutional effectiveness through innovative, technology-driven, and value-added approaches.

Vision

To be a nationally recognized leader in higher education internal auditing, known for excellence, integrity, and innovation in proactive risk management and audit excellence.

Core Values

- Excellence: Pursuing the highest standards of audit performance
- Value: Enhancing outcomes through insight and collaboration
- Integrity: Upholding ethics, transparency, and independence

Strategic Goals

Short-Term (by 12/31/2025):

- Increase automation of mandatory audits from 0 to 2
- Develop written procedures for the top 10 audit areas
- Launch in-house cross-training and mentoring program
- Introduce all auditors to five new strategic contacts
- Present AI-enabled audit insights at a professional conference

Long-Term (by 8/30/2029):

- Increase audit volume by 12 audits through automation and team efficiency

Fully automate analytics for 100% of audit types

- Implement continuous monitoring in at least three key risk areas
- Elevate all staff to advanced levels in data analytics and AI
- Improve UHS audit brand awareness via formal feedback mechanisms

Key Strategies

- Leverage automation and AI tools (e.g., Power Automate, Tableau, Workiva)
- Develop standardized documentation across critical audit functions
- Build a succession-ready, cross-functional team through structured mentorship
- Foster internal and external partnerships for benchmarking and innovation
- Align audits with institutional goals and risk priorities

Key Performance Indicators (KPIs)

- Number of audits completed and automated
- Audit cycle turnaround time and hours saved
- Client satisfaction and feedback metrics
- Staff participation in cross-training and certifications
- IA Brand awareness survey results

Resource Allocation

- * Human: Cross-trained, strategically aligned audit staff
- * Financial: Investment in automation platforms and professional development
- * Technological: Deployment of data analytics and workflow automation tools

Monitoring & Evaluation

Performance will be assessed quarterly through KPIs, biannual strategy reviews, and annual updates to stakeholders and UHS leadership to ensure continuous alignment with university goals.

Annual Internal Audit Plan

FY 2026

August 21, 2025

Overview

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

Definition of Internal Auditing

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

Staff Members and Certified Competencies

| Name | Title | Certifications |
|----------------------|--------------------------|------------------|
| White, Barbara Carol | Asst, Administrative, Ex | |
| Charlotte Giesler | Auditor 1 | |
| Stephanie Duron | Auditor 1 | |
| Ho, Aiden | Auditor 1 | |
| Martinez, Jackie | Auditor 1 | CFE |
| Gonzalez, Kathy M | Auditor 2 | CCRP |
| Porter, Garland Eric | Auditor 3 | CFE |
| Chance, Leonard, IV | IT Auditor | |
| O'Neal, Brandee M | Dir, Ops & Fin Audit | CIA, CFE |
| Hurd, Phillip Wayne | Chief Audit Executive | CIA, CISSP, CCEP |

| | |
|-------|---|
| CIA | Certified Internal Auditor |
| CISA | Certified Information Systems Auditor |
| CFE | Certified Fraud Examiner |
| CCRP | Certified Clinical Research Professional |
| CGAP | Certified Government Auditing Professional |
| CISSP | Certified Information Systems Security Professional |
| CCEP | Certified Compliance and Ethics Professional |

| Existing Year Projects that are in Process | | |
|---|--|---|
| TITLE | STATUS (select from drop-down list) | COMMENTS |
| Procurement Card Management (UH, UHD) | Project Currently In Progress | In fieldwork (UH) and reporting (UHD) |
| Travel & Entertainment Expenditures - Board, FY25 | Project Currently In Progress | Board Requested - Continual -Report in November |
| Travel & Entertainment expenditures - President, FY25 (UH, UHCL, and UHD) | Project Currently In Progress | Board Requested - Continual -Report in November |
| Contracts Requiring Board Approval | Project Currently In Progress | Board Requested - Continual -Report each quarter |
| Information Technology Risk Assessment | Project Currently In Progress | Assessment in progress |
| UH Foundation Donor Agreement Expenditures | Project Currently In Progress | In reporting |
| Protected Health Information | Project Currently In Progress | In fieldwork |
| Lab Safety (UH) | Project Currently In Progress | In fieldwork |
| UH Education Research Center | Project Currently In Progress | In planning |
| Special Projects/Investigations | Project Currently In Progress | Multiple special projects/investigations continue |

Additions to Audit Plan Based on Risk Assessment and Risk Register

| ENGAGEMENT TITLE | GROUPING | TYPE | SCOPE | TIME FRAME | INCLUSION RATIONALE | Entity to be Audited | | | |
|--|---|--|--|--|---|----------------------|----|------|-----|
| | | | | | | UHS | UH | UHCL | UHD |
| Title of the audit engagement. | Assurance Blended Consulting Special Project | Compliance Financial Information Technology Investigation Operational | Controls Review Full Review Limited Review | Near Term - 1-6 Months Medium Term - 7-12 Months Long Term - 13-18 Months | Information describing why this project is included on the audit plan. | | | | |
| Annual Procurement Report | Assurance | Compliance | Limited Review | Near Term - 1-6 Months | Mandatory Audit | X | X | X | X |
| Board of Regents Travel & Entertainment, FY 2026 | Assurance | Compliance | Limited Review | Medium Term - 7-12 Months | Mandatory Audit | X | | | |
| Chancellor/President's Travel & Entertainment, FY 2026 | Assurance | Compliance | Limited Review | Medium Term - 7-12 Months | Mandatory Audit | | X | X | X |
| Contracts Requiring Board of Regents Approval | Assurance | Compliance | Limited Review | Medium Term - 7-12 Months | Mandatory Audit | X | X | X | X |
| Compliance with Education Code 51.9337 | Assurance | Compliance | Limited Review | Medium Term - 7-12 Months | Mandatory Audit | X | | | |
| Compliance with Education Code 51.3525 | Assurance | Compliance | Limited Review | Medium Term - 7-12 Months | Mandatory Audit | X | X | X | X |
| Joint Admission Medical Program - UH and UH College of Medicine | Assurance | Compliance | Controls Review | Near Term - 1-6 Months | Mandatory Audit | | X | | |
| Education Research Center | Assurance | Compliance | Limited Review | Medium Term - 7-12 Months | Mandatory Audit | | X | | |
| Travel Management and Expenditures | Assurance | Compliance | Controls Review | Medium Term - 7-12 Months | Ensure compliance | | X | X | X |
| Information Technology Audit - Scope to be determined based on risk assessment in progress | Assurance | Information Technology | Controls Review | Near Term - 1-6 Months | Ensure compliance | | X | X | X |
| Information Technology Audit - Scope to be determined based on risk assessment in progress | Assurance | Information Technology | Controls Review | Medium Term - 7-12 Months | Ensure compliance | | X | X | X |
| Continuous Control Monitoring | Assurance | Compliance | Limited Review | Medium Term - 7-12 Months | Ensure compliance | X | X | X | X |

Additional Points

- 20% of available talent hours are reserved for Management/Board requests and investigations.
- Improvements in efficiencies which result in additional talent hours will be applied to near-term audits first, then to mid-term audits.

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

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, UH System Support Organizations, Fiscal Year 2024

- Compliance Review of UH System Support Organizations
- UH System Support Organizations Report

DATE PREVIOUSLY SUBMITTED: May 15, 2024

SUMMARY:

Board of Regents Policy 32.06 requires an annual report on compliance of private support organizations and foundations. The attached Compliance Review of UH System Support Organizations identifies all required annual information that has been received by UHS. The attached UH System Support Organizations Report summarizes the investment activity and financial activity of each of the foundations.

SUPPORTING

DOCUMENTATION: UH System Support Organizations, Fiscal Year 2024

- Compliance Review of UH System Support Organizations
- UH System Support Organizations Report

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

7/16/25

DATE



CHANCELLOR

Renu Khator

8/18/25

DATE

**SYSTEM SUPPORT ORGANIZATIONS
As of August 1, 2025**

| | University of Houston Foundation | UH College of Business Foundation | UH Law Foundation | Houston Public Media Foundation | Foundation for Education & Research in Vision | UH Alumni Association | Houston Cougar Foundation |
|--|---|--|--|---|--|--|--|
| Confirmation of Board Meetings when scheduled | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Any changes to Support Organization's Mission Statement | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Notification of any change to 501(c)(iii) status | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Articles of Incorporation and Bylaws (1) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Current List of Board Members (2) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Audited Financial Report for FY2024 (3) (Date Completed) | Jan-25 | Dec-24 | Jan-25 | Mar-25 | Jul-25 | Aug-25 | Jul-25 |
| IRS Form 990 for FY2024 (Calendar Year 2023) (4) (Date Completed) | Apr-25 | Apr-25 | Jun-25 | Apr-25 | Jul-25 | Jul-25 | Jul-25 |
| Donor Gift Information (5) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Written Investment Policies (6) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Confirmation of Certificates of Insurance as required | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Updated State Disclosure Statement for Outside Financial Advisors (7) | ✓ | Does Not Use External Advisors | ✓ | Does Not Use External Advisors | ✓ | ✓ | Does Not Use External Advisors |
| Date of Most Recent Signed Agreement And/or Extension Agreement | Fully Executed MOU Agrmt May 2023 | Fully Executed MOU Agrmt June 2023 | Fully Executed MOU Agrmt August 2023 | Fully Executed MOU Agrmt May 2023 | Fully Executed MOU Agrmt May 2023 | Fully Executed MOU Agrmt June 2024 | Fully Executed MOU Agrmt June 2023 |
| Conflicts of interest policy and certification of Trustee/Director compliance (8) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

✓ Indicates compliance item has been satisfied.

Note 1: SAM 08.A.02 reporting requirement:

- (1) At the time the current agreement is established and whenever there are changes to either document. [§ 4.1.1]
- (2) At the time the current agreement is established and whenever there is a change to the membership. [§ 4.1.2]
- (3) Within 120 days of the end of the support organization's fiscal year. [§ 4.1.4]
- (4) Within 30 days after its filing. [§ 4.1.5]
- (5) Each month or as directed otherwise by the System Office of Development. [§ 4.1.9]
- (6) Annually by January 31. [§ 4.1.6]
- (7) No later than January 31 of each year, consistent with the Texas State Auditor's Office Uniform Disclosure Form. [§ 4.1.7]
- (8) Annually by October 31 of each year, within 60 days of appointment

University of Houston System Support Organizations Report For the Fiscal Year 2024

All of the recognized support organizations of the University of Houston System are organized as nonprofit corporations under the Internal Revenue Code §501(c)(3), the Texas Business Organizations Code Chapter 22, and the Texas Government Code §2255.001. The Regents of the University of Houston System have a fiduciary duty of obedience, loyalty, and due care to the System. Though the Regents do not have an independent fiduciary duty to independent support organizations, their existing fiduciary duty extends by agreement to the policies controlling the funds and activities of these organizations. The provisions we have included in the support organization agreements help ensure that the Regents meet these responsibilities. The agreements contain provisions addressing areas such as ethical conduct, conflict of interest, auditing, gift reporting, adherence to federal, state, and local laws, as well as adherence to UH policies and procedures. Board of Regents Policy 32.06 sets forth the specific items to be included.

The University of Houston System has seven active support organizations: University of Houston Foundation, University of Houston College of Business Foundation, University of Houston Law Foundation, Houston Public Media Foundation, Foundation for Education and Research in Vision, University of Houston Alumni Association Foundation, and Houston Cougars Foundation. The Board of Regents policy on private support organizations and foundations provides that such entities must enter into a written agreement with the Board that addresses various administrative, reporting, and accountability requirements. The system policy on private support organizations and foundations requires for such entities to annually provide financial reports, tax returns, gift information, and other financial information as requested. These policies and the Board of Regents Audit and Compliance Committee charter require an annual compliance report from the UH System to the Board on the compliance of the support organizations with the agreements. This annual compliance report is presented at the Audit and Compliance Committee meeting in August of each year. This report indicates the status of the receipt of all requested information. The Division of Advancement and Alumni performs follow-up procedures to help ensure that all requested information is received. During summer of each year, the UH System Treasurer's Office requests information on each support organization's investment activity and returns in order to respond to the annual survey conducted by the National Association of College and University Business Officers. The Treasurer's Office also annually requests from the foundations the financial advisor disclosure requirements that are in the format prescribed by the State Auditor's Office.

The attached analysis summarizes the investment activity and the financial activity. A review of these analyses and the underlying investment reports, financial reports, and tax returns reveal the following:

- Each of the foundations manages their own investments, with the exception of HPM Foundation whose investments are managed by the University of Houston Foundation (as reported to the Board of Regents as part of UHF's audited financial statements). The total amount of investments managed by these foundations was approximately \$356 million as of August 31, 2024. The investment returns of the foundations range from 8.68% to 19.76% for the year ending August 31, 2024.
- The foundations paid professional investment fees during fiscal year 2024.
- Four Foundations have full or part-time university employees: UH College of Business Foundation, Foundation for Education and Research in Vision, Houston Public Media Foundation and UH Law Foundation.
- All of the foundations have fiscal years ending on August 31st, the University's state-mandated fiscal year end.
- The accounting and auditing firms did not consistently classify expenditures in the same category on their financial statements or in the tax returns, thus making comparability rather difficult in some situations.

University of Houston System
Affiliated Support Organizations and Foundations
Summary of Operations
For The Fiscal Year 2024
As of August 1, 2025

| Support Organization Name | University of Houston Foundation | University of Houston College of Business Foundation | University of Houston Law Foundation | Houston Public Media Foundation | Foundation for Education and Research in Vision | University of Houston Alumni Association Foundation | Houston Cougars Foundation |
|---|--|---|--|---------------------------------------|---|--|---------------------------------------|
| Auditor | Blazek & Vetterling; Houston | Forvis Mazars Houston | Blazek & Vetterling; Houston | Forvis Mazars Houston | PWR CPA, LLP Houston | Crowe LLP | Ham, Langston & Brezina Houston |
| Tax Accountant | Blazek & Vetterling; Houston | Forvis Mazars Houston | Blazek & Vetterling; Houston | Forvis Mazars Houston | Wrinkle Gardner and Co. | Crowe LLP | Stefanie Martinez CPA, PLLC |
| Financial Data, as of | <u>8/31/2024</u> | <u>8/31/2024</u> | <u>8/31/2024</u> | <u>8/31/2024</u> | <u>8/31/2024</u> | <u>8/31/2024</u> | <u>8/31/2024</u> |
| Assets | | | | | | | |
| Cash & investments | \$ 213,173,714 | 103,293,925 | 39,487,306 | 3,114,702 | 11,302,486 | 13,052,478 | 4,098,448 |
| Other assets | 1,436,520 | 6,383,335 | 4,689,469 | 404,228 | 22,858 | 446,131 | 717,374 |
| Total Assets | <u>\$ 214,610,234</u> | <u>\$ 109,677,260</u> | <u>\$ 44,176,775</u> | <u>\$ 3,518,930</u> | <u>\$ 11,325,344</u> | <u>\$ 13,498,609</u> | <u>\$ 4,815,822</u> |
| Liabilities | \$ 13,752,804 | 117,704 | 1,800,726 | 361,449 | 78,370 | 99,925 | 368,028 |
| Net Assets | <u>\$ 200,857,430</u> | <u>\$ 109,559,556</u> | <u>\$ 42,376,049</u> | <u>\$ 3,157,481</u> | <u>\$ 11,246,974</u> | <u>\$ 13,398,684</u> | <u>\$ 4,447,794</u> |
| Revenues | | | | | | | |
| Contributions (gifts) | \$ 4,729,781 | 10,026,760 | 4,895,426 | 11,997,104 | 582,235 | 1,098,875 | 512,221 |
| Investment income | 32,054,959 | 16,808,185 | 5,000,191 | 242,733 | 1,265,513 | 954,558 | 648,469 |
| Other | 589,723 | 187,949 | (233,255) | 4,475,468 | 1,330,332 | 1,664,559 | |
| Total Revenues | <u>\$ 37,374,463</u> | <u>\$ 27,022,894</u> | <u>\$ 9,662,362</u> | <u>\$ 16,715,305</u> | <u>\$ 3,178,080</u> | <u>\$ 3,717,992</u> | <u>\$ 1,160,690</u> |
| Expenses, including gifts-in-kind | <u>\$ 10,672,152</u> | <u>2,663,244</u> | <u>3,710,691</u> | <u>16,834,807</u> | <u>1,753,437</u> | <u>2,801,146</u> | <u>317,675</u> |
| Investments – MV as of August 31, 2024 (1) | | | | | | | |
| Investments | \$ 188,071,636 | 100,728,495 | 37,890,312 | 1,988,951 | 11,091,828 | 11,742,281 | 4,815,824 |
| Return FY24 (1-yr) | 19.18% | 19.76% | 14.52% | n/a | 15.94% | 8.68% | 17.10% |
| Management Fees | \$ 849,400 | 22,266 | 336,723 | n/a | 80,586 | 69,875 | 20,500 |
| Mgt Fees as a % of total investment | 0.452% | 0.022% | 0.889% | | 0.727% | 0.595% | 0.426% |
| Investment Return FY22 | -14.63% | -12.37% | -9.98% | n/a | -10.10% | -4.29% | 1.79% |
| Investment Return FY23 | 9.22% | 9.11% | 6.23% | n/a | -7.60% | 10.49% | 8.86% |
| Gifts and Pledges to Foundation (2) | | | | | | | |
| Received in FY24 | \$ 4,443,455 | \$ 5,353,627 | \$ 6,740,482 | \$ 20,977,029 | \$ 158,811 | \$ 741,539 | \$ 0 |

(1) Source: Data provided by UHS Treasurer's Office.
(2) Source: Data provided by Advancement and Alumni Division.
(3) FY2024 IRS Form 990 not available at this time.

**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: May 14, 2025

SUMMARY:

The FY 2025 Internal Audit Activity as of August 21, 2025, and Internal Audit Reports issued since the May 15, 2025, 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: None

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Phillip W. Hurd

7/16/25

DATE



CHANCELLOR Renu Khator

8/18/25

DATE

Report to the Audit and Compliance Committee
of the University of Houston System
Board of Regents
August 21, 2025

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

FY25 INTERNAL AUDIT ACTIVITY
since May 14, 2025

and

INTERNAL AUDIT REPORTS

- AR2025-15 University of Houston Law Foundation Donor Agreement Expenditures
- AR2025-16 University of Houston System, Contracts Requiring UHS Board of Regents Approval
- AR2025-17 University of Houston-Clear Lake, Texas Higher Education Coordinating Board Facilities Development Projects
- AR2025-18 University of Houston-Victoria, President's Travel & Entertainment FY 2025, September 1, 2024 through March 31, 2025
- AR2025-19 University of Houston System, Compliance with Texas Education Code 51.3525

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.

FY25 Internal Audit Activity

Since May 14, 2025 Board of Regents Audit and Compliance Committee Meeting

Audits Completed

- **AR2025-01** Contracts Requiring Board of Regents Approval (1st Quarter)
- **AR2025-02** Board of Regents Travel & Entertainment, FY24
- **AR2025-03** UH/UHS Chancellor/President's Travel & Entertainment, FY24
- **AR2025-04** UHCL President's Travel & Entertainment, FY24
- **AR2025-05** UHD President's Travel & Entertainment, FY24
- **AR2025-07** Contracts Requiring Board of Regents Approval (2nd Quarter)
- **AR2025-06** UHV President's Travel & Entertainment, FY24
- **AR2025-08** UHD Laboratory Safety and Compliance
- **AR2025-09** UH Joint Admission Medical Program (JAMP)
- **AR2025-10** UH Education Research Center
- **AR2025-11** UHS Emergency Management
- **AR2025-12** UHCL Joint Admission Medical Program (JAMP)
- **AR2025-13** UHS Annual Procurement Report
- **AR2025-14** Contracts Requiring Board of Regents Approval (3rd Quarter)
- **AR2025-15** UH Law Foundation Donor Agreement Expenditures
- **AR2025-16** Contracts Requiring Board of Regents Approval (4th Quarter)
- **AR2025-17** UHCL THECB Facilities Development Projects
- **AR2025-18** UHV President's Travel & Entertainment, FY25
- **AR2025-19** UHS Compliance with Education Code 51.3525 (DEI)

Internal Audit 08/21/25

Special Projects Completed

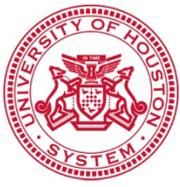
- UHS Institutional Compliance Fraud and Non- Compliance Hotline Reports (≈30)

Audits in Progress

- Travel Expense (UH, UHCL, and UHD)
- Board of Regents Travel and Entertainment FY25
- President's Travel and Entertainment, FY25 (UHS, UH, UHCL, and UHD)
- Contracts Requiring Board of Regents Approval (UHS)
- Procurement Card Management (UH and UHD)
- Laboratory Safety (UH)
- UH Foundation Donor Agreement Expenditures
- Compliance with Education Code 51.9337
- Compliance with Education Code 51.3525
- UH Inventory of Protected Health Information
- Information Technology Risk Assessment
- Continuous Control Monitoring

Special Projects in Progress

- UHS Institutional Compliance Fraud and Non-Compliance Hotline (Varies per FY)
- UHCL Apartment Contract
- UHCL Conflict of Interest (multiple investigations)
- UH Biology Department
- UH Student Business Services
- UHV Human Resources
- UH TAMU Payment
- UH Contract Review
- UH Engineering Department (multiple investigations)
- UH Athletics



Internal Auditing Department

University of Houston Law Foundation Donor Agreement Expenditures

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2025-15

August 2025



Photo courtesy of <https://uhlawfoundation.org/images/2023HomeBuilding.jpg>

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Objectives

The objectives of this audit included determining whether adequate internal controls are in place to ensure:

- University of Houston (UH) Law Foundation (Foundation) is complying with key internal control requirements, as documented within the Organizational Support Agreement with the University of Houston.
- Foundation payment requests are reviewed, approved, and paid according to donor intent and University policies and procedures.
- The Abila MIP environment (which is on-premises at UH) is managed, secured and protected in accordance with expectations similar to other University of Houston computing environments.

Background / Scope

The Foundation provides independent support for advancing the educational, research, and charitable activities of the University of Houston Law Center (Law Center). The Foundation administers funds from gifts, donations, and grants to benefit student loan funds, scholarships, and professorships at the Law Center. The Foundation’s approximate annual budget is \$2.9 million, and their total restricted funds income is \$3.6 million as of 08/31/2024. The Net Assets of Foundation endowment total approximately \$36.4 million.

The Foundation has two full-time employees, a Director and an accountant, to manage the funds and work with the Law Center to ensure monies received are spent according to the donor’s intent, as stated in the donor agreement. The Executive Director oversees the operations of the Foundation.

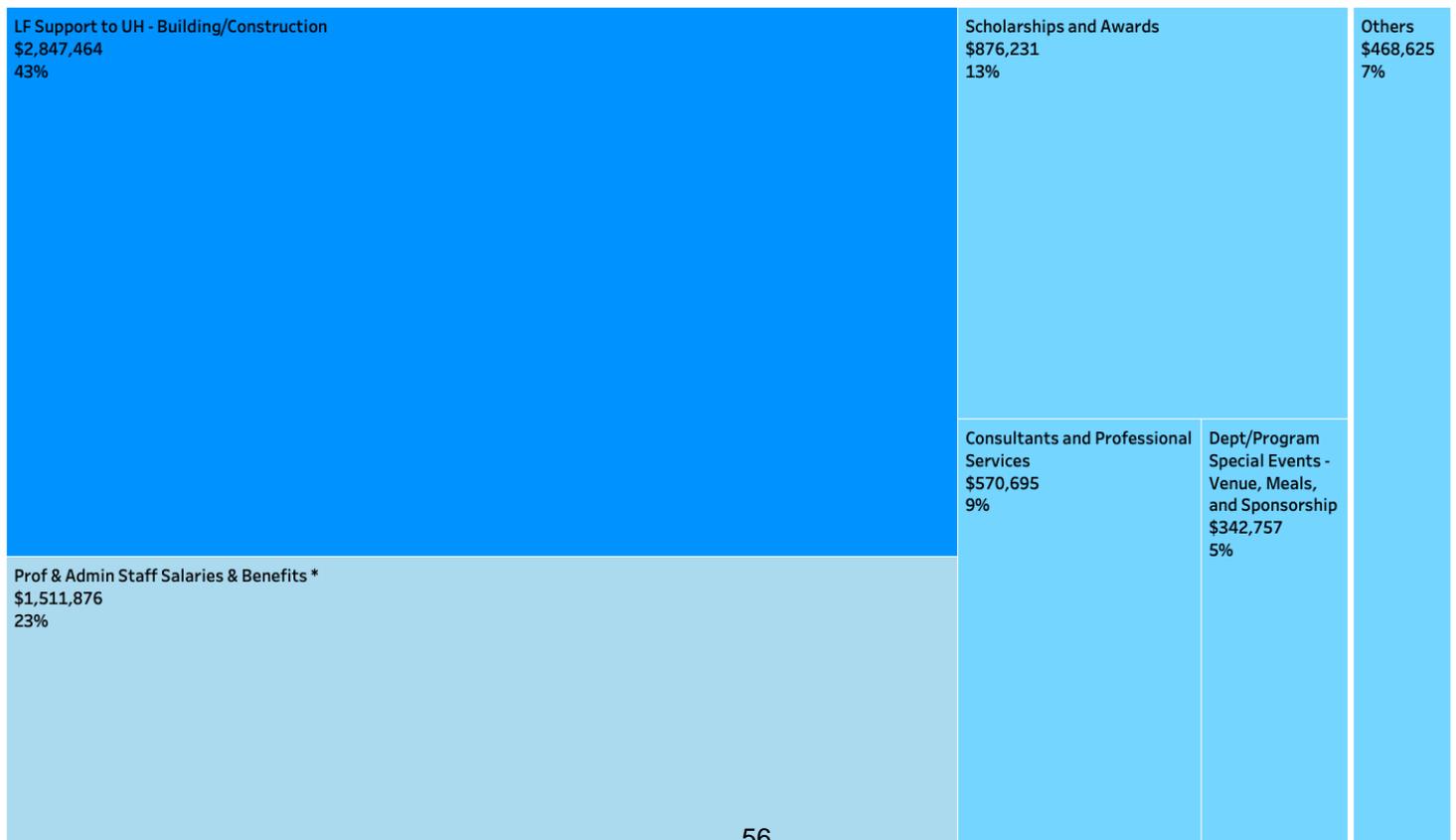
The audit covered Foundation financial activities from the receipt of donations to the expenditure and reconciliation of funds during fiscal years 2023 and 2024.

Top 10 Restricted Funds with contributions during the year ended audit August 31, 2024

UH Law Foundation has a duty to ensure all expenditures on these funds follow the donors' intentions. Internal controls are essential to ensure compliance with donor agreements.

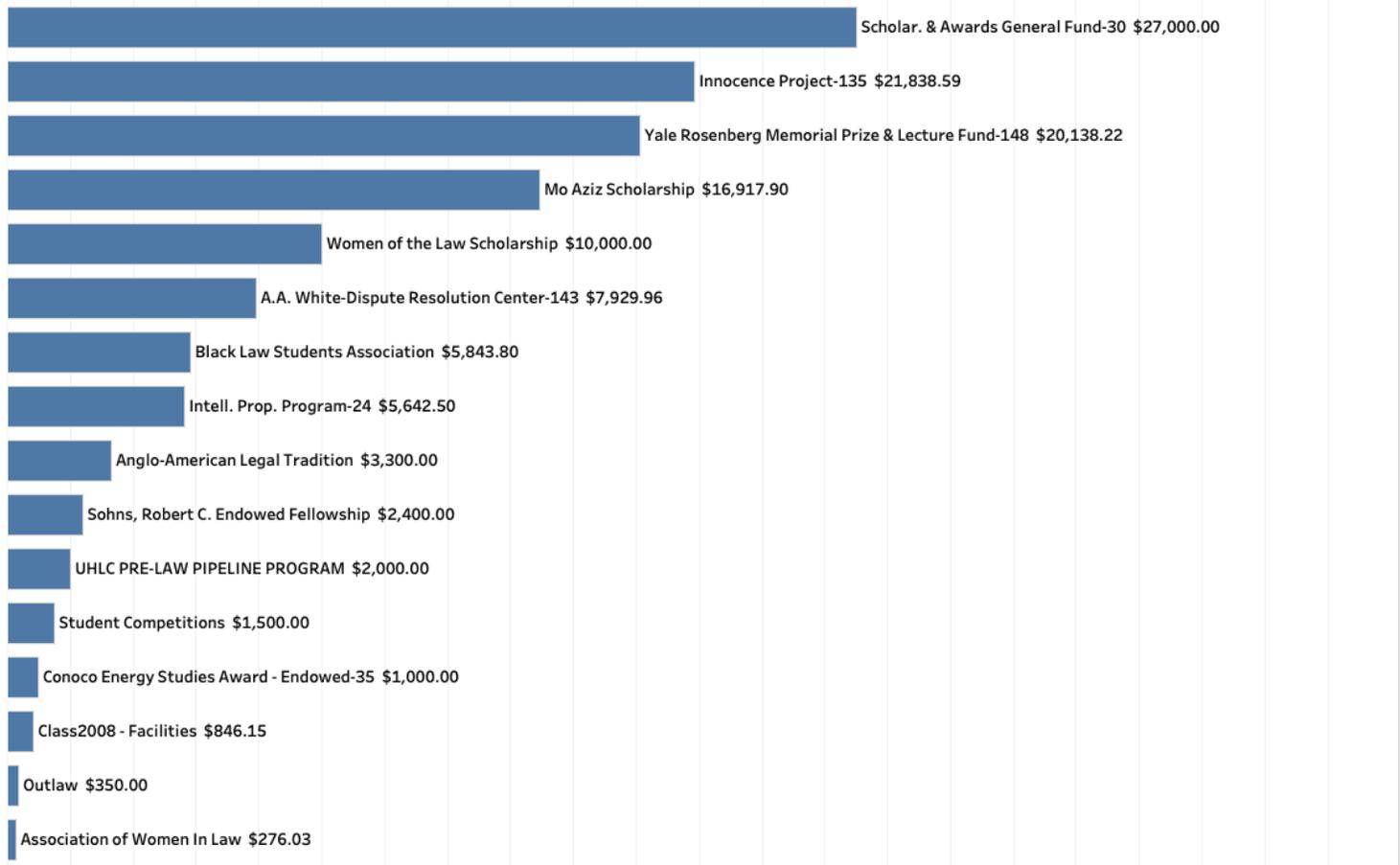


Top 5 disbursement categories for Law Center Foundation Restricted Funds for the year ended August 31, 2024



* This includes professorship/Faculty Chair stipends and benefits as well as specific research scholars and clinical staff on the innocence/death penalty and immigration grants.

Sampled 27 UH Law Foundation payment requests totaling \$126,983.15 to determine if they are reviewed, approved, and paid according to donor intent and University policies and procedures.



What We Found Summary

The University of Houston Law foundation had adequate controls in place for ensuring compliance with the Organizational Support Agreement; foundation payment requests were reviewed, approved, and paid according to requirements; and the Law Foundation financial system was managed, secured, and protected. However, we identified some areas where minor improvements could enhance the overall control structure. These issues are outlined below and discussed further in this audit report.

- Issue 1: Improve Financial Oversight for the Foundation
- Issue 2: Conflicts of Interest Annual Attestation Non-Compliance
- Issue 3: Update Investment Policy(s)
- Issue 4: Update Internal Control Document
- Issue 5: Disaster Recovery Tabletop Exercises

Issue 1 – Foundation Documentation

There were no scholarships distributed that were out of compliance with donor intent. However, there was insufficient documentation to support donor intent at the time of disbursement. The process has shown consistent compliance regarding budgetary approval and existence of funds, in accordance with board policy. Minor changes in the approval process can ensure donative intent is consistently outlined, satisfying the board’s oversight role.

required by policy. However, the supporting documentation for these disbursements did not consistently contain sufficient information to allow a reviewer to determine whether recipients met all the required criteria for scholarship awards or for expense disbursements.

Additionally, some smaller dollar disbursements from the UH Law Center Class of 2008 endowment for improving the Law Center's Facilities were made by UH Law facilities department for employee's telecommunication reimbursement, meals at recognition events, and holiday gift cards. Although the UH Law Center facilities personnel used these funds in order to enhance their off-site communication with each other and support overall morale, these disbursements could be questioned as not directly benefiting the Law Center building, which was the stated purpose of this endowment.

Minor changes to internal processes and practices, which highlight donor's intent when approving an expenditure, would confirm compliance thereby significantly reducing the risk of noncompliance.

Issue 2 – Conflicts of Interest Annual Attestation Non- Compliance

During audit work, there were four board members in the last two years that did not complete a conflict-of-interest questionnaire as required by the University of Houston Organizational Support Agreement. According to the Organizational Support Agreement with University of Houston, each director, officer, and board member shall complete and submit a conflict-of-interest attestation annually.

After completion of audit work and at the time of this report issuance to the UHS Board of Regents, all current board members had completed the 2023 and 2024 conflict of interest questionnaires.

When conflicts of interest are not disclosed and managed appropriately, they can lead to reputational damage for the Foundation and the University.

Issue 3 – Investment Policy

The Foundation's Investment Policy indicated that it was last approved by the Investment Committee and approved and adopted by the Law Foundation Board in 2010. Based on discussions, it was determined that The Foundation and UH Development verbally discusses the policy annually but no formal documentation is maintained of the review discussion nor is the policy updated to reflect the date of this review.

Issue 4 – Update Internal Control Document

Although the Internal Controls Document has a section on the MIP Abila Accounting Software, the document only states that administrative access is controlled by the Foundation Director. There is no mention of the Law Center IT and University IT and their responsibilities for general IT controls such as backup and restore, change controls, and disaster recovery planning.

The Foundation, Law Center IT, and UH University IT work as three separate units. The Internal Controls document only includes the roles of the Foundation and Law Center. Unclear roles and responsibilities could lead to data loss and an unsecure application/server and therefore these roles and responsibilities should be clearly documented.

Issue 5 –
Disaster Recovery
Tabletop

Although there is cooperation between the Foundation, Law Center IT, and UH University IT, the cooperation is not documented and tested as part of a comprehensive disaster recovery or business continuity plan. The Foundation, Law Center IT, and UH University IT work as three separate units with their own disaster recovery plans. Computer operation controls and business continuity plans are inadequate and do not ensure reliable and uninterrupted access to Abila application.

Recommendations and Management's Response

1

We recommend that the Foundation require Approval Request Forms to contain sufficient supporting documentation so that scholarship and fellowship award criteria can be confirmed, and that donor intent can be verified with disbursement approvals.

We recommend the Foundation Board review and approve groups of related expenses that total \$10,000 or more (such as multiple scholarships given roughly at the same time from the same donor). This would allow for donor intent to be independently confirmed prior to disbursement.

Additionally, when these scholarships and stipend payments are reviewed against donor restrictions, the recognition of the funding source should also be more clearly communicated as designated by selected donors.

Management's Response:

We acknowledge the recommendation related to disbursement approval documentation and the request for oversight in verifying donor intent and compliance with scholarship and stipend criteria.

Actions Taken and Planned Improvements:

1. Enhanced Documentation Requirements:

The Foundation will include a Scholarship Criteria Matrix and the Application Form with each Approval Request Form to ensure clear documentation of recipient eligibility and verification of donor intent. A certifying statement—"I certify that I meet all eligibility criteria for this scholarship and that the information I have provided is true and accurate to the best of my knowledge."—will be incorporated into the scholarship application form.

The Law Center Office of Student Services and Law Center Scholarship Committee will formally integrate this matrix into their review process, reinforcing compliance and transparency.

Responsible Party:

- Executive Director, Business Operations
- Law Foundation Director
- Assistant Dean of Student Services

Estimated Completion Date: 09/01/2025

2. Strengthened Oversight of Related Disbursements:

As of May 1, 2025, the Foundation President, in consultation with the Law Center Dean, has designated the Board Treasurer for reviewing and approving groups of related expenses totaling \$10,000 or more (such as multiple scholarships issued around the same time from the same funding source). Once this threshold is reached, the University accountant or director will forward the supporting documentation to the Treasurer for independent confirmation of donor intent prior to disbursement.

The effective date for this review process will be September 1, 2025, to ensure full alignment with related procedural updates—including the integration of the Scholarship Criteria Matrix into the Office of Student Services and Scholarship Committee's review process and the consistent inclusion of award letters.

Responsible Party:

- Executive Director, Business Operations
- Law Foundation Director
- Law Foundation Board Treasurer
- Law Foundation President

Estimated Completion Date: 09/01/2025

3. Improved Transparency and Communication:

A copy of the recipient's award letter will consistently be a required document in the Approval Request Form. However, the accountant will check to ensure the donor's name is mentioned in the memo. This ensures that donors are properly acknowledged in all scholarship and fellowship awards before disbursement.

Responsible Party:

- Executive Director, Business Operations
- Law Foundation Director
- Assistant Dean of Student Services

Estimated Completion Date: 09/01/2025**2**

We recommend, as a part of Foundation oversight, there should be more thorough follow-up to ensure 100% compliance with all board members completing conflicts of interest attestation annually.

Management's Response:

We acknowledge oversight for all board members to complete the required Conflict of Interest Questionnaire. The Foundation is committed to ensuring full compliance with this requirement to protect both the Foundation and the University from potential reputational risks.

Actions Taken and Planned Improvements:

1. Escalation Process for Non-Compliance:

- Board members will receive up to three reminders, issued at two-week intervals, to complete the Conflict of Interest Questionnaire prior to initiating any escalation for non-compliance.
- If the Questionnaire remains incomplete after the final reminder, a formal notice will be issued by the Law Foundation President (or designee).
- Non-compliant board members will be asked to refrain from attending meetings until they complete the attestation, reinforcing accountability and transparency.

Responsible Party:

- Executive Director, Business Operations
- Law Foundation Director
- Law Foundation President

Estimated Completion Date: 09/01/2025

3 We recommend the Foundation document the review/update of the Investment Policy. If it has been discussed and changes are not needed add a reviewed date to the document for confirmation.

Management’s Response:

We acknowledge the recommendation regarding the Foundation’s Investment Policy and the need for clearer documentation of its annual review.

Actions Taken and Planned Improvements:

1. Annual Review Documentation Enhancement:

The Foundation President and the VP of Advancement Development at the University of Houston conduct an annual review of the Investment Policy during their annual meeting, as reflected in meeting agenda. However, we recognize that the absence of an updated date on the policy document led to concerns regarding compliance.

To strengthen our internal controls, the Foundation will retain meeting notes as supporting documentation and ensure that a formal notation of the review is added to the Investment Policy document itself.

2. Process for Investment Policy Changes:

If any changes to the Investment Policy are warranted, they will be formally reviewed by the Board for approval before implementation.

Responsible Party:

- Executive Director, Business Operations
- Law Foundation Director
- Associate Dean of Alumni Relations
- Law Foundation President
- VC/VP, University Advancement

Estimated Completion Date: 04/01/2026

4 We recommend the Foundation update the Internal Controls document to include a section which describes the roles and responsibilities of Law Center IT and University IT(UIT) for updating and maintaining the MIP Abila software and UIT server on which the application is housed.

Management’s Response:

We acknowledge the recommendation regarding the need for clearer documentation of IT roles and responsibilities in the Internal Controls Document.

Actions Taken and Planned Improvements:

1. Update to the Internal Controls Document:

- The Foundation will update the Internal Controls Document to clearly outline the roles and responsibilities of all relevant units, including the Foundation, Law Center IT, and UH University IT.
- This update will specify each unit’s responsibilities regarding backup and restore procedures, change controls, and disaster recovery planning for the MIP Abila Accounting Software.

Responsible Party:

- Executive Director, Business Operations
- Law Foundation Director
- Director, College IT Support
- System Administrator 2 from UH Central IT

Estimated Completion Date: 09/01/2025**5**

We recommend Foundation consider tabletop disaster recovery exercise(s) to ensure all three parties (Foundation, Law Center IT, and UIT) are able to collaborate and ensure timely recovery of IT operations should adverse events occur.

Management's Response:

We acknowledge the recommendation regarding the need for a more coordinated and documented disaster recovery and business continuity plan for the Abila application.

Actions Taken and Planned Improvements:

Disaster Recovery and Business Continuity Testing: The Foundation, in collaboration with Law Center IT and UH University IT, will conduct a tabletop disaster recovery exercise to assess and improve response coordination.

Responsible Party:

- Executive Director, Business Operations
- Law Foundation Director
- Director, College IT Support
- System Administrator 2 from UH Central IT

Estimated Completion Date: 09/01/2025

Methodology

The methodology used to conduct this audit included:

- Reviewed the Foundation Agreement with University of Houston
- Reviewed applicable policies and procedures.
- Obtained copies of MIP Abila revenue and expense reports for the Foundation
- Obtained copies of the Donor Agreements
- Obtained expenditure transaction supporting documentation from the Foundation.
- Interviewed Foundation, UH Law Center, and University IT personnel.

Audit Standards

The Internal Auditing Department conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. These standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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

The UHS Internal Auditing Department would like to thank the University of Houston Law Foundation and University of Houston Law Center for their cooperation and assistance during this audit process.

Sincerely,



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University of Houston System Contracts Requiring UHS Board of Regents Approval

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2025-16

August 2025



Photo courtesy of University of Houston Information Technology Services Webcams

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Executive Summary

The Internal Auditing Department (IAD) reviewed the solicitation/purchasing process surrounding contracts that required UHS Board of Regents approval from April 1, 2025, through June 30, 2025. IAD noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.

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 UH Purchasing Department have developed policies and procedures to help ensure compliance with these statutes. For major construction projects, UHS primarily uses the Design-Build and Construction Manager-At-Risk contract methods. The IAD reviews the RFQ / RFP publication, evaluation, and selection process for contracts requiring Board of Regents approval on an ongoing basis. The Internal Audit Department also reviews the procurement for other contracts requiring Board of Regents approval (RFQ/RFP, Invitation to Bid and Sole Source).

Objective

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

Scope of Work

The IAD review of procurement of contracts requiring Board of Regents approval covers the time period from April 1, 2025, through June 30, 2025.

Audit Procedures

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

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

Conclusion

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

Appendices

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

Contracts Requiring Board of Regents Approval
Internal Audit Activity
April 1, 2025, through June 30, 2025

| <u>Project or Contract Description</u> | <u>Solicitation Type/Number</u> | (\$ Millions) <u>Amount</u> | BOR <u>Approval</u> |
|---|---------------------------------|--------------------------------|--|
| <u>Construction Projects \$10 Million and Over</u> | | | |
| A&E Services for Agrawal Building - Laboratory Shell Space Build Out | RFQ730-UH-3034 | \$35.0 | 2/19/2025 |
| <u>Construction Projects Over \$1 Million and Under \$10 Million</u> | | | |
| Plant Chiller #3 Replacement | RFP730-UH-3019 | \$6.5 | 8/23/2023 |
| Medium Voltage Electrical Services | RFP730-25007 | \$3.4 | 2/21/2024 |
| Houston Science Center - New Fire Alarm Panel, Pump Replacement and Fire Sprinkler System | RFP730-25000 | \$3.0 | 5/15/2024 |
| Landscape Services at University of Houston Sugar Land_Katy | RFP730-UH-3025 | \$2.0 | 2/19/2025 |
| <u>Non-Construction Contracts Over \$1 Million</u> | | | |
| Energy Savings Performance Contract | RFQ730-24090 | \$5.0 | Initial contract under \$1 million. Approval not required. |

Legend

CMAR - Construction Manager at Risk

AE - Architectural and Engineering Services (RFQ only)

RFP - Request for Proposal

RFQ - Request for Qualifications

ITB - Invitation to Bid

**Contracts Requiring Board of Regents Approval
Internal Audit Activity
April 1, 2025, through June 30, 2025**

| Project Category | Project or Contract Description | Solicitation Type/Number | |
|---|--|--------------------------|--------------|
| Construction Projects \$10 Million and Over | A&E Services for Agrawal Building - Laboratory Shell Space Build Out | RFQ730-UH-3034 | \$35,000,000 |
| Construction Projects Over \$1 Million and Under \$10 Million | Houston Science Center - New Fire Alarm Panel, Pump Replacement and Fire Sprinkler System | RFP730-25000 | \$3,000,000 |
| | Landscape Services at University of Houston Sugar Land_Katy | RFP730-UH-3025 | \$2,000,000 |
| | Medium Voltage Electrical Services | RFP730-25007 | \$3,400,000 |
| | Plant Chiller #3 Replacement | RFP730-UH-3019 | \$6,500,000 |
| Non-Construction Contracts Over \$1 Million | Energy Savings Performance Contract | RFQ730-24090 | \$5,000,000 |
| Grand Total | | 70 | \$54,900,000 |

**Contracts Requiring Board of Regents Approval
Internal Audit Activity
January 1, 2025, through June 30, 2025**

| Project Category | Project or Contract Description | Solicitation Type/Number | | | | |
|---|---|--------------------------|---|--------------|--|--|
| Construction Projects \$10 Million and Over | A&E Services for Agrawal Building - Laboratory Shell Space Build Out | RFQ730-UH-3034 |  | \$35,000,000 | | |
| | A&E Student Center North Expansion - Award | RFQ730-25006 |  | \$39,300,000 | | |
| | CMAR New Medical Research Building - Step 2 | RFP730-24086 |  | \$77,500,000 | | |
| Construction Projects Over \$1 Million and Under \$10 Million | Houston Science Center - New Fire Alarm Panel, Pump Replacement and Fire Sprinkler System | RFP730-25000 |  | \$3,000,000 | | |
| | Landscape Services at University of Houston Sugar Land_Katy | RFP730-UH-3025 |  | \$2,000,000 | | |
| | Mailbox Area Renovation and Lounge Refresh | RFP730-25004 |  | \$4,500,000 | | |
| | Medium Voltage Electrical Services | RFP730-25007 |  | \$3,400,000 | | |
| | Plant Chiller #3 Replacement | RFP730-UH-3019 |  | \$6,500,000 | | |
| | UH Interior Renovation for the College of Liberal Arts and Social Sciences T2 Building #508 | RFP730-25009 |  | \$5,750,000 | | |
| Non-Construction Contracts Over \$1 Million | Continuing Services for Landscape Architecture | RFQ730-25005 |  | \$1,800,000 | | |
| | Energy Savings Performance Contract | RFQ730-24090 |  | \$5,000,000 | | |
| | Municipal and Financial Advisory Services | RFP730-UH-3012 |  | \$1,800,000 | | |
| | Parking Enterprise Systems - Award | RFP730-UH-3007 |  | \$7,500,000 | | |
| | UHV Custodial Services - Award | RFP730-25001 |  | \$4,000,000 | | |

Grand Total

71

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

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

Sincerely,



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Internal Auditing Department

University of Houston-Clear Lake Texas Higher Education Coordinating Board Facilities Development Projects

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2025-17

August 2025



Photo courtesy of <https://www.uhd.edu/student-affairs/health-wellness/campus-recreation/facilities>

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| Methodology and Scope | 2 |
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Objective

To determine whether the University of Houston-Clear Lake (UHCL) was compliant with Texas Administrative Code (TAC) and Texas Higher Education Coordinating Board (THECB) requirements regarding facilities development projects (capital projects) approvals and reporting.

What We Found Summary

The UHCL was compliant with TAC Title 19, Part 1, Chapter 17, Subchapter B, Rule 17.20 for submitting facilities development projects to THECB.

Background

THECB supports the state’s higher education systems through various efforts, including collecting and reporting data regarding facilities planning and usage to the legislature. As part of this effort, THECB must periodically conduct a comprehensive audit of all education and general facilities on the campuses of public senior colleges and universities. As part of this comprehensive audit, the institution's internal auditing department reviews the institutions reporting of repairs, renovations, new construction, real property purchases, energy performance savings contracts, and capital construction assistant projects that meet specific usage and dollar thresholds.

Methodology and Scope

The methodology used to conduct this audit included a review of TAC; THECB guidelines; current university policies and procedures; internal facilities and financial reports; and THECB reports and application submissions. The audit scope included facilities development (capital) projects at UHCL from fiscal years 2018 through 2025.

Audit Standards

The Internal Auditing Department conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Professional Practices Framework. These standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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

The UHS Internal Auditing Department would like to thank the University of Houston and University of Houston-Clear Lake Facilities Departments for their cooperation and assistance during this audit process.

Sincerely,



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Internal Auditing Department

University of Houston-Victoria President's Travel & Entertainment FY 2025, September 1, 2024 through March 31, 2025

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2025-18

August 2025



Photo courtesy of [2025 | University of Houston-Victoria](#)

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| Methodology and Scope | 3 |
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Objective

To determine whether the University of Houston-Victoria (UHV) President and spouse travel and entertainment expenditures were properly documented and compliant with system and university policies.

Background

At the request of the UHS Board of Regents, the UHS Department of Internal Auditing conducts annual reviews of the travel and entertainment expenditures of the UHV President and spouse. The expenditures reviewed were funded by accounts from the UHV President’s Office. Any travel and entertainment expenses funded by accounts outside of the UHV President’s Office or by external organizations were not included in our review.

Texas Senate Bill 2361, 89th(R) establishes that UHV will transfer to Texas A&M University System (TAMUS) effective September 1, 2025. Effective May 27, 2025, a Memorandum of Understanding was entered into between UHV and TAMUS to evidence mutual agreement to support the transfer of governance of UHV to TAMUS. As a result, the UHS Internal Auditing Department’s travel and entertainment expenditure testing for FY 2025 was limited to September 1, 2024 through March 31, 2025.

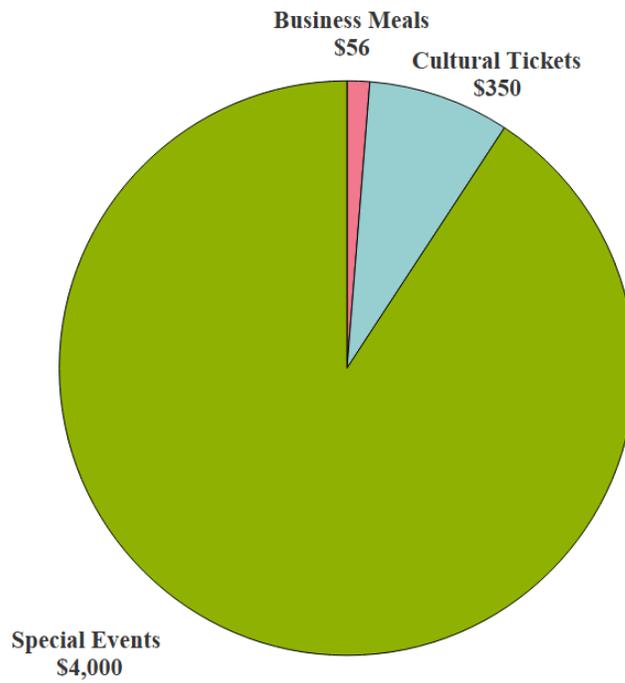
What We Found

Summary

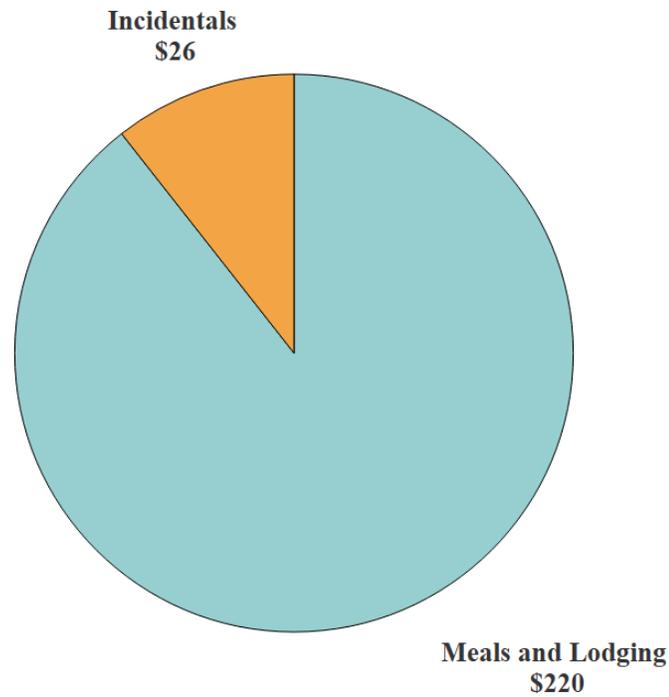
Our review identified \$246 in travel-related expenses and \$4,406 in entertainment-related expenses incurred during the period of September 1, 2024 through March 31, 2025. These expenditures were properly documented and in compliance with system and university policies.

The exhibits below provide a detailed breakdown of the fiscal year 2025, periods 1–7, expenditures.

UHV President Entertainment Expense



UHV President Travel Expense



Methodology and Scope

The methodology used to conduct this audit included:

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

The scope of this review was limited to September 1, 2024 through March 31, 2025. These expenditures were funded by accounts from the UHV President’s Office. Any travel and entertainment expenses funded by accounts outside of the President’s Office or by external organizations were not included in our review.

Audit Standards

The Internal Auditing Department conducted this audit in accordance with Generally Accepted Government Auditing Standards and the Global Internal Audit Standards. These standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

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

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

Sincerely,



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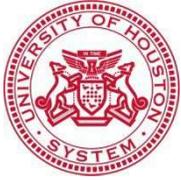
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Charlotte Giesler, Auditor I



Internal Auditing Department

University of Houston System Compliance with Texas Education Code § 51.3525

Report to the Audit and Compliance Committee of the UHS Board of Regents
AR2025-19

August 2025



Photo courtesy of University of Houston System website: uhsystem.edu

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Executive Summary

The University of Houston System and its associated universities are in substantive compliance with Texas Education Code (TEC) § 51.3525, which mandates that institutions of higher education adhere to strict guidelines regarding hiring, employment practices, and diversity initiatives.

Scope of Work

This report is prepared to demonstrate that The University of Houston System and its associated universities are following TEC § 51.3525, which mandates that institutions of higher education adhere to strict guidelines regarding hiring, employment practices, and diversity initiatives. The following certifications and actions demonstrate our commitment to complying with these statutory requirements.

Certification Reviews

1. Hiring and Employment Practices

Internal auditing has reviewed relevant actions, policies, processes, and sampled hiring packets and confirmed that The University of Houston System and its associated universities does not have any office, division, or unit established for influencing hiring or employment practices based on race, sex, color, or ethnicity, except as required by federal law. We utilize color-blind and sex-neutral hiring processes in compliance with all applicable state and federal antidiscrimination laws.

2. Differential Treatment and Special Benefits

Internal auditing has reviewed relevant actions, policies, processes, and confirmed that the institution does not promote differential treatment or provide special benefits to individuals based on race, color, or ethnicity, except as required by federal law.

3. Policy Promotion and Implementation

Internal auditing has reviewed relevant actions, policies, processes, and confirmed that the institution does not promote policies or procedures related to race, color, or ethnicity without approval from the institution’s General Counsel and the Texas Higher Education Coordinating Board, ensuring compliance with court orders and laws.

4. Training, Programs, and Activities

Internal auditing has reviewed relevant actions, policies, processes, and confirmed that the institution does not conduct trainings or activities based on race, color,

ethnicity, gender identity, or sexual orientation, unless developed and approved for legal compliance purposes.

5. **Diversity, Equity, and Inclusion (DEI) Roles**

Internal auditing has reviewed relevant actions, policies, processes, and confirmed that the institution has not hired or contracted for a DEI office, except as federally required.

6. **DEI Statements**

Internal auditing has reviewed relevant actions, policies, processes, and sampled hiring packets and confirmed that the institution does not require or solicit DEI statements from individuals as a condition of employment or participation in institutional activities.

7. **Preference in Employment or Participation**

Internal auditing has reviewed relevant actions, policies, processes, and sampled hiring packets confirmed that the institution does not give preference based on race, sex, color, ethnicity, or national origin, except as required by federal law.

8. **DEI Training Requirements**

Internal auditing has reviewed relevant training actions and confirmed that the institution does not require DEI training as a condition of enrollment or participation, except as allowed by the law.

9. **Disciplinary Policies**

Internal auditing has reviewed relevant policies and procedures and confirmed that the institution has policies to discipline employees or contractors violating the provisions of TEC § 51.3525, including termination if necessary.

10. **Use of State Appropriations**

Internal auditing has reviewed relevant actions and confirmed that no state appropriations for FY25 were spent on DEI in violation of TEC § 51.3525.

Institutional Reviews

In the past fiscal year, The University of Houston System and its associated universities has undertaken the following actions to ensure compliance with TEC § 51.3525:

- **Management Attestations:**

Internal auditing confirmed that the Chancellor, Presidents, Provosts, and Deans signed attestations confirming that a DEI review was completed for their college/department/division to ensure compliance with TEC § 51.3525.

- **Websites:**

Internal auditing reviewed UHS, UH, UHCL, and UHD websites for DEI content that would violate TEC § 51.3525. In instances where specific DEI content was identified, General Counsel was consulted as to the legality of the content. When required, departments were notified to remove the content from their websites.

- **Scholarship Criteria:**

Internal Auditing reviewed the criteria for scholarships administered by UH, UHCL, and UHD. We identified four scholarships held at UH that either give preference to or require recipients to be female (1), male (1), Hispanic (1), or international (1). We identified one active UHCL scholarship that requires recipients to be female. Our findings were reported to General Counsel for review and they required the departments to take action by way of transferring these scholarships to an outside non-profit entity for holding, administration and award. We found no other scholarships held by any university in the UH System that were not compliant with TEC § 51.3525.

- **Training and Awareness Programs:**

Internal Auditing confirmed employee mandatory training addressing workplace discrimination is in place. However, a more comprehensive DEI training that covers areas addressed by TEC § 51.3525 would better help to ensure TEC § 51.3525 compliance.

- **Monitoring and Compliance Checks:**

Internal audit confirmed a monitoring system is in place to regularly check for compliance with TEC § 51.3525. In addition, compliance audits will be conducted periodically, and any identified issues will be reported to the General Counsel's office promptly.

Conclusion

Internal auditing concludes, based on the evidence, that the UHS and its associated universities are in substantive compliance with the requirements of TEC § 51.3525.

The University of Houston System and its associated universities have undergone extensive analysis, led by the General Counsel's Office, of policies, procedures, and associated documents to ensure a fair, equitable, and legally compliant environment for all students, staff, and faculty. Internal Auditing will continue to audit our practices and policies to ensure ongoing compliance with TEC § 51.3525.

The UHS Internal Auditing Department would like to thank all those involved for their cooperation and assistance during this audit process.

Sincerely,



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