
AGENDA

UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

DATE: Thursday, August 25, 2016

TIME: 10:15 AM

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

Chair: Durga D. Agrawal

Vice Chair: Beth Madison

Members: Alonzo Cantu
John A. McCall, Jr.
Ricky A. Raven
Mielad Ziaee- Non Voting
Tilman J. Fertitta, Ex Officio

- I. Audit and Compliance Committee
- A. Call to Order
 - B. Approval of Committee Meeting Minutes
 - May 19, 2016, Audit and Compliance Committee Meeting
 - C. Report on Long-Range Internal Audit Plan for Fiscal Years 2017-2019 3
 - University of Houston System
 - D. Report on Board of Regents Policies 42.01, Institutional Compliance, 77
 - and 55.01, Contracts - University of Houston System
 - E. Report on Audit and Compliance Committee Charter and Checklist- 84
 - University of Houston System
 - F. Report on Audit and Compliance Committee Planner - University of 92
 - Houston System
 - G. Report on Title IX - Sexual Misconduct Update - University of 99
 - Houston System
 - H. Report on Internal Audit Briefing Booklet including Audit Activity 110
 - Outline/Audit Plan Status - University of Houston System
 - I. Report on the Institutional Compliance Status Report for the three 178
 - months ended June 30, 2016, and Annual Plan for FY2017 - University of Houston System
 - J. Report on External Audit Report - Texas Comptroller of Public 194
 - Accounts Post Payment Audit of the University of Houston System Administration - University of Houston System

II. **Executive Session**

A. Consultation with System Attorney Regarding Legal Matters and/or Contemplated Litigation or Settlement Offers

TEXAS GOV'T CODE SECTION 551.071

B. Deliberations Regarding the Purchase, Exchange, Sale or Value of Real Property

TEXAS GOV'T CODE SECTION 551.072

C. Deliberations Regarding a Prospective Gift

TEXAS GOV'T CODE SECTION 551.073

D. Personnel Matters, Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

TEXAS GOV'T CODE SECTION 551.074

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

IV. **Adjourn**

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

COMMITTEE: Audit and Compliance

ITEM: Report on Long Range Internal Audit Plan for FY 2017-2019

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Attached for your review and approval is the UHS Internal Auditing Department Long-Range Internal Audit Plan for Fiscal Years 2017-2019 (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 resources are described in Section 2 of the Audit Plan, and the risk assessment is included in Section 8 of the Audit Plan. Risk assessment techniques were employed to identify auditable areas and to ensure that the accounting systems and controls, the administrative systems and controls, and other major systems and controls are reviewed on a periodic basis.

SUPPORTING DOCUMENTATION: Internal Audit Long Range Internal Audit Plan for FY 2017-2019

FISCAL NOTE: None

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

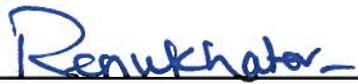
COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Don Guyton



DATE



CHANCELLOR Renu Khator



DATE



UNIVERSITY OF HOUSTON SYSTEM

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

MEMORANDUM

TO: Board of Regents

FROM: Don F. Guyton 
Chief Audit Executive

DATE: August 8, 2016

SUBJ: Annual Internal Audit Plan

Attached for your review and approval is the final draft of the Long-Range Internal Audit Plan for Fiscal Years 2017-2019. This 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). This act states that the annual audit plan developed by the internal auditor must be approved by the governing board. This plan is an approval item on the agenda for the August 25, 2016 Audit and Compliance Committee meeting and Board of Regents meeting.

Please let me know if you have any questions.

Attachments

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

LONG - RANGE INTERNAL AUDIT PLAN
and
RISK ANALYSIS

Fiscal Years 2017 - 2019

To be Presented to the Board of Regents
for Approval on August 25, 2016



UNIVERSITY OF HOUSTON SYSTEM

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

MEMORANDUM

TO: Mr. Roger Welder
Chair, Audit and Compliance Committee

Dr. Renu Khator
Chancellor/President, UHS/UH

FROM: Don F. Guyton 
Chief Audit Executive

DATE: August 8, 2016

SUBJ: Long-Range Internal Audit Plan - Fiscal Years 2017-2019

Attached for your review and approval is the UHS Internal Auditing Department Long-Range Internal Audit Plan for Fiscal Years 2017-2019 (Audit Plan). The Audit Plan has been prepared to meet the requirements of the Board of Regents directives and the Texas Internal Auditing Act (Texas Government Code, Chapter 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 resources are described in Section 2 of the Audit Plan, and the risk assessment is included in Section 8 of the Audit Plan. Risk assessment techniques were employed to identify auditable areas and to ensure that the accounting systems and controls, the administrative systems and controls, and other major systems and controls are reviewed on a periodic basis. Coverage of key departments and functions at planned intervals has been designed into the plan to assure that no significant auditable area has been overlooked.

Each auditable area has been evaluated as to its risks and other functions which might determine the urgency and frequency for performing an audit. In addition to an analytical review of all significant financial data for each campus, the risk evaluation and scheduling process included requests for input from all campus presidents, fiscal officers, and other key personnel. Once the risk assessment was completed, each auditable area was included in the audit schedule for the next three fiscal years or later.

Included in Section 5 of the Audit Plan is a listing of brief audit objectives for each auditable area. These objectives relate to overall internal controls, efficiency of operations and compliance with laws and regulations, and Board of Regents and/or management policies and procedures.

Recommendation:

The Audit Plan should be flexible and periodically adjusted to adapt to changes in the audit environment. These changes include new or revised laws or regulations and changes in existing operations or activity levels. The Audit and Compliance Committee should approve these periodic changes to the Audit Plan. I recommend that the Board of Regents approve the attached Audit Plan, including the Internal Audit Resources, and delegate approval for periodic changes to the Audit Plan to the Audit and Compliance Committee.

DFG:rh
Attachment

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**LONG-RANGE INTERNAL AUDIT PLAN
FY 2017-2019**

Table of Contents

<u>Description</u>	<u>Section</u>
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Summary of Man-Hours / Man-Hour Assumptions	2
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Three-Year Audit Schedule	6
Frequency of Audit Activity	7
Risk Analysis	8

Executive Summary

Section 1

University of Houston System
Annual Long-Range Internal Audit Plan, FY 2017-2019

Executive Summary

Background: The Texas Government Code, Board of Regents Audit and Compliance Committee Charter, and Board of Regents Audit Policy require the Internal Auditing Department to prepare a risk based audit plan and present it to the Board of Regents for approval. The methodology we use in preparing this analysis consists of the following phases: (1) identification of auditable areas, (2) input from management, and (3) a risk analysis. Matters that we consider in establishing audit work schedule priorities include (a) the date and results of the last audit; (b) financial exposure; (c) potential loss and risk; (d) requests by management; (e) major changes in operations, programs, systems, and controls; and (f) opportunities to achieve operating benefits. During the risk analysis, we assign numerical risk factors depending upon the following: (1) reason for the audit, (2) administrative oversight, and (3) date last audited.

Identification of Auditable Areas: Auditable areas can be categorized in each of the following categories:

- 1. Annual Assistance to External Auditors**
 - State Auditor’s Office (SAO): Projects included in the SAO’s annual audit plan and special projects upon request
 - External CPA firms: Audits of Houston Public Media, Endowment Fund, Athletics, Charter School, Cancer Prevention and Research Institute of Texas grants, and SACS accreditation reviews
 - Other State/Federal/External Sponsor Auditors
- 2. Annual Activities/Mandates**
 - Follow-up activity required by the Institute of Internal Auditors (IIA) Standards
 - Chancellor/Board of Regents Travel and Entertainment reimbursements requested by Board of Regents/Chancellor
 - Special projects and police investigations required by institutional policy and IIA Standards
 - Texas Higher Education Coordinating Board: Facilities Audit (5 year cycle)
 - NCAA Rules-Compliance and football attendance audits required by NCAA rules
 - Construction: Construction procurement process, new construction (outsourced)
 - Contracts greater than \$1 million requiring Board of Regents’ approval
 - Board of Regents Annual Procurement Report
 - Contract Administration
- 3. Departmental Reviews:** These compliance reviews test 12 different areas of compliance for system and campus policies. These reviews are conducted every 5 years for all departments within the system. Many of the policies tested are directly related to internal controls. See Attachment A for a listing of all departmental reviews by college/division together with pertinent data on each college/division.
- 4. Functional Reviews:** These engagements are operational reviews for efficiency/effectiveness and are conducted for all divisions and service organizations within the system.

5. **Information Technology Reviews:** The security reviews are required by Texas Administrative Code, and various other information technology areas are addressed based on risk.

Resource Allocation: The Internal Audit Resources allocated to each of these areas for fiscal years FY 2017-2019 are as follows:

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Mandatory	5,900	6,400	6,200
High Priority	6,200	4,400	4,400
Other	3,153	4,453	4,653
Total Hours	15,253	15,253	15,253

Departmental Resources: 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 Team is comprised of a Chief Audit Executive, Director, Manager, three Senior Auditors, Information Technology Auditor, five Staff Auditors, and an Executive Administrative Assistant. The estimated FY 2017 salary budget is \$1,236,524 and the M&O budget is \$152,539 (including \$100,000 of funding for co-sourced information technology audits). In our opinion, the resources dedicated to the Internal Auditing program are adequate.

Input from Management: A series of meetings are scheduled with key management personnel throughout the system and with the Chair of the Audit and Compliance Committee to identify sensitive or high exposure areas and to identify high risk functions, information technology, and compliance areas that are hot topics in the higher education industry that should be scheduled for review. Comments are also requested on the Internal Audit Plan and Risk Analysis from all Audit and Compliance Committee members at the August Audit and Compliance Committee meeting. See Attachment B for a schedule of these meetings.

Risk Analysis: The risk analysis is used to develop an audit plan for performing audit projects in risk areas over a specified time to minimize the risk of losses to the University; to prioritize audit projects by the level of risk; to use our audit staff and time in an effective and efficient manner; and to determine the nature, timing, and extent of audit steps and procedures in direct relation to the amount and nature of the risk.

After performing the preliminary risk assessment, the following areas received the highest risk rank (25-20). All of these areas are scheduled for review during FY 2017-2019.

<u>Scheduled</u>	<u>Unscheduled</u>
Accounts Payable (FY 2019) Budgeting (FY 2018) Human Resources (FY 2017) Payroll (FY 2017) Property Management (FY 2019) Purchasing (FY 2018)	

Conclusion: The Long Range Internal Audit Plan and Risk Analysis help provide the Audit and Compliance Committee with assurance that it is providing the necessary oversight over the quality and integrity of the accounting, financial reporting practices, system of internal controls, institutional management practices, and the direction of the internal auditing function.

ATTACHMENT A

AUDIT COVERAGE MATRIX
DEPARTMENTAL REVIEWS

University	College/Division Name	FY 2017 BUDGET			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
		Operations Expenditures	Restricted Expenditures	FTEs					
UH	Academic Affairs/Provost	61,307,907	1,674,951	223				X	
UH	Administration & Finance	122,165,836	21,891,249	1,305			X		
UH	Gerald D. Hines College of Arch. and Des.	5,952,940	650,637	56				X	
UH	College of the Arts	13,963,978	7,759,097	233			X		
UH	Athletics	39,072,677	6,393,353	171				X	
UH	C.T. Bauer College of Business	44,796,318	9,730,940	385		X			
UH	Chancellor/President	2,917,517	94,973	21				X	
UH	College of Education	14,948,876	5,551,772	294				X	
UH	Cullen College of Engineering	35,584,576	29,021,792	495		X			
UH	Graduate College of Social Work	4,623,436	2,549,242	82				X	
UH	Honors College	4,605,996	716,560	57			X		
UH	Conrad N. Hilton College of Hotel & Rest. Mgmt.	13,921,750	3,022,883	108				X	
UH	Law Center	24,691,019	1,819,693	297			X		
UH	College of Liberal Arts & Social Sciences	58,499,419	14,076,303	965			X		
UH	University of Houston Libraries	19,677,654	325,138	119		X			
UH	College of Natural Sciences & Mathematics	54,924,013	36,630,486	524		X			
UH	School of Nursing	3,531,402	0	23				X	
UH	College of Optometry	22,230,550	7,645,447	183				X	
UH	College of Pharmacy	13,390,452	3,721,437	146			X		
UH	Research	57,406,713	8,436,004	286		X			
UH	Student Affairs & Enrollment Services	132,139,420	86,554,874	658			X		
UH	College of Technology	15,463,019	2,209,010	189		X			
UH	University Advancement	14,640,220	332,489	130	X				
UH	University Marketing, Comm. & Media	5,123,654	0	44	X				
		785,579,342	250,808,330	6,991					
UHCL	Administration & Finance	17,127,008	5,000	196				X	
UHCL	Business	11,756,769	3,820	145				X	
UHCL	Education	7,347,470	893,073	113	X				
UHCL	Human Sciences & Humanities	11,638,220	782,369	210				X	
UHCL	President's Office	2,848,363	21,825	32	X				
UHCL	Provost's Office	36,609,357	13,531,732	440				X	
UHCL	Science and Engineering	11,962,017	861,106	185				X	
		99,289,204	16,098,925	1,321					
UHD	Academic & Student Affairs	33,199,331	37,104,472	290				X	
UHD	Administration & Finance	30,310,615	0	274	X				
UHD	Advancement & External Relations	2,910,019	0	18	X				
UHD	Business	16,854,123	476,374	199			X		
UHD	Employment Svc & Operations	1,497,743	0	17	X				
UHD	Humanities & Social Sciences	13,599,939	62,666	260		X			
UHD	President's Office	1,190,509	6,004	6	X				
UHD	Public Service	7,192,635	1,206,789	107	X				
UHD	Sciences & Technology	10,321,963	634,925	173			X		
UHD	University College	4,088,479	1,551,561	75				X	
		121,165,356	41,042,791	1,420					
UHV	Administration & Finance	7,747,209	0	89				X	
UHV	Arts & Sciences	5,838,687	16,867	89	X				
UHV	Business Administration	7,340,742	310,008	76	X				
UHV	Education	3,933,927	456,946	52	X				
UHV	Enrollment Mgmt. & Student Affairs	7,566,717	7,451,052	75				X	
UHV	President's Office	4,113,529	61,711	39				X	
UHV	Provost	4,784,025	33,743	61				X	
UHV	University Advancement & External Rel.	509,084	0	6				X	
		41,833,920	8,330,327	488					

ATTACHMENT B

SCHEDULED MEETINGS WITH MANAGEMENT

BOR Audit and Compliance Committee

Roger Welder

UHS/UH Chancellor/President

Renu Khator

UHS/UH Administration & Finance

Jim McShan

Raymond Bartlett

Emily Messa

General Counsel

Dona Cornell

UH Provost/Academic Affairs

Paula Short

Sabrina Hassumani

UH Research

Ramanan Krishnamoorti

Cris Milligan

Pam Muscarello

Mary Ann Ottinger

Kirstin Rochford

Beverly Rymer

UH Student Affairs

Richard Walker

Mara Affre

Devi Bala

Keith Kowalka

Dan Maxwell

William Munson

Floyd Robinson

Don Yackley

UHCL Senior Management

William Staples

Glen Houston

Michelle Dotter

Usha Mathew

UHD Senior Management

Michael Olivas

David Bradley

Tomikia LeGrande

Ed Hugetz

Ivonne Montalbano

Johanna Wolfe

Elaine Pearson

UHV Senior Management

Raymond V. Morgan

Don Smith

Wayne Beran

Jay Lambert

Val Walden

UH Administration & Finance

Raymond Bartlett

Devi Bala

Barbara Duarte

David Ellis

Mike Glisson

Karin Livingston

Joan Nelson

Esmeralda Valdez

UHS/UH Information Technology

Dennis Fouty

Summary of Effort (Hour Assumptions)

Section 2

**University of Houston System
Internal Auditing Department**

**Long-Range Internal Audit Plan
Summary of Effort (Hours)**

<u>Activity</u>	<u>Fiscal Year</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Mandatory	5,900	6,400	6,200
High Priority	6,200	4,400	4,400
Other	<u>3,153</u>	<u>4,453</u>	<u>4,653</u>
Total Direct Audit Hours	<u><u>15,253</u></u>	<u><u>15,253</u></u>	<u><u>15,253</u></u>

**University of Houston System
Internal Auditing Department**

**Long-Range Internal Audit Plan
Effort (Hour Assumptions)**

<u>Available Effort</u>	<u>Chief Audit Executive</u>	<u>Director</u>	<u>Manager</u>	<u>Senior Auditor</u>	<u>Information Technology Auditor</u>	<u>Staff</u>
Vacations	120	120	96	96	120	96
Holidays (14 days)	112	112	112	112	112	112
Sick Leave	40	40	40	60	96	40
Professional Training	60	60	60	60	60	60
In-house Training	40	40	40	20	20	20
Professional Organizations	40	40	20	16	16	16
Indirect Audit Hours: Administrative	1,084	784	500	184	80	40
Direct Audit Hours	<u>584</u>	<u>884</u>	<u>1,212</u>	<u>1,532</u>	<u>1,576</u>	<u>1,696</u>
Total Hours Available	<u>2,080</u>	<u>2,080</u>	<u>2,080</u>	<u>2,080</u>	<u>2,080</u>	<u>2,080</u>
 <u>Allocable Direct Audit Hours</u>						
Direct Audit Hours By Position	584	884	1,212	1,532	1,576	1,696
Staff Size By Position	1	1	1	3	1	5
Employee Turnover/Attrition	-	-	-	0.25	-	1.0
Available Staff Size	<u>1.0</u>	<u>1.0</u>	<u>1.00</u>	<u>2.75</u>	<u>1.0</u>	<u>4.0</u>
Subtotal	<u>584</u>	<u>884</u>	<u>1,212</u>	<u>4,213</u>	<u>1,576</u>	<u>6,784</u>
Total Direct Audit Hours						<u>15,253</u>

**University of Houston System
Internal Auditing Department**

**Long-Range Internal Audit Plan
Departmental Resources**

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. In our opinion, the resources dedicated to the Internal Auditing program are adequate.

FY 2016 Departmental Resources:

- Personnel: Chief Audit Executive, Director, Manager, three Audit Seniors, Information Technology Auditor, five Staff Auditors, and an Executive Administrative Assistant
 - Salary Budget: \$1,198,960
 - M&O Budget: \$52,539

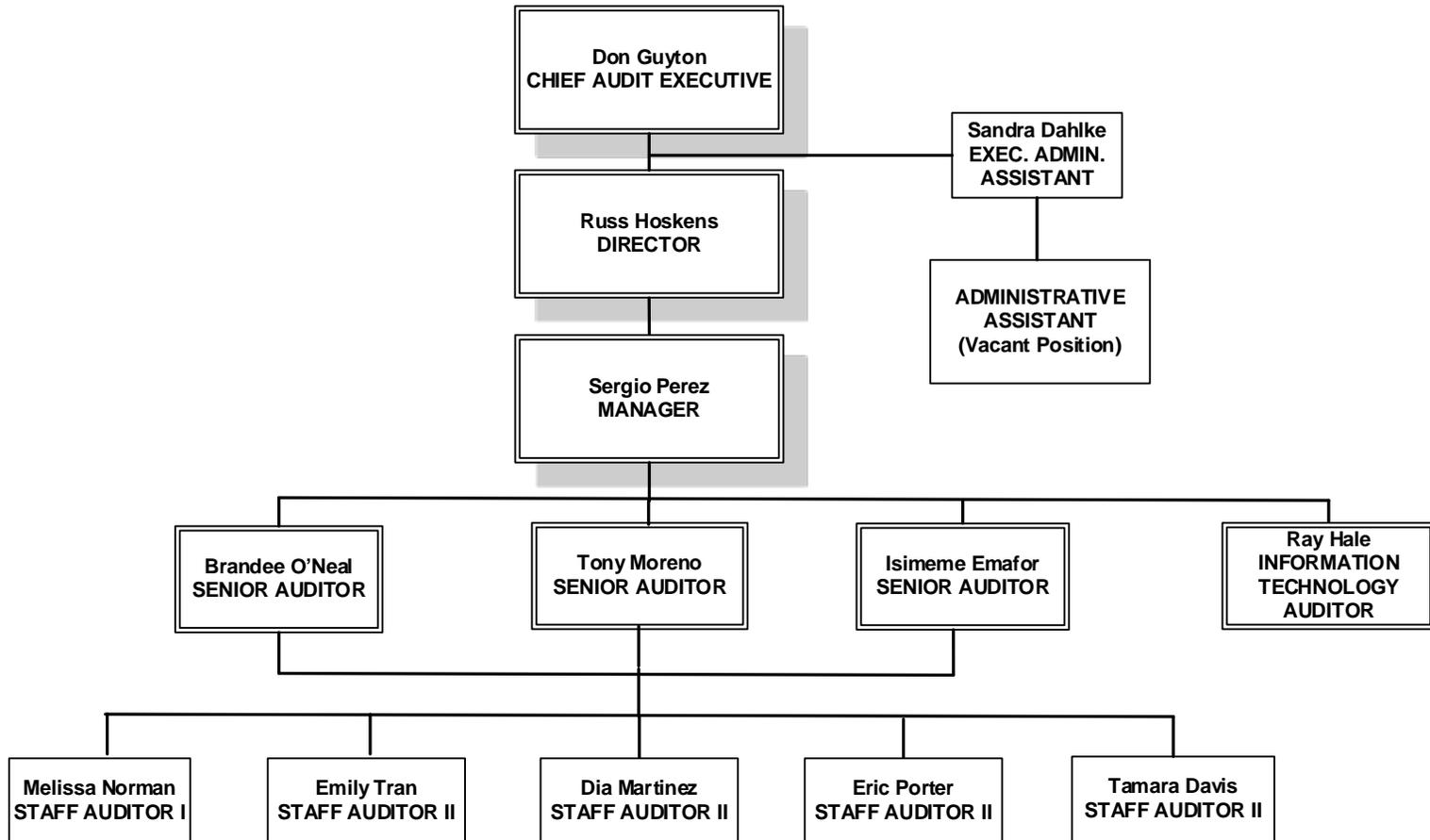
Estimated FY 2017 Departmental Resources:

- Personnel: Chief Audit Executive, Director, Manager, three Audit Seniors, Information Technology Auditor, five Staff Auditors, Executive Administrative Assistant, and an Administrative Assistant
 - Salary Budget: \$1,236,524
 - M&O Budget: \$152,539 (including \$100,000 of funding for co-sourced information technology audits)

Organization Chart:

The departmental organization chart is attached.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING
ORGANIZATION CHART**



Audit Team

Section 3

**University of Houston System
Internal Auditing Department**

Internal Audit Team

Don F. Guyton, C.P.A., Chief Audit Executive, began working in the UHS Internal Auditing Department in his current position on October 1, 1987. Other experience includes: five years of Big Four public accounting experience, three years of controller experience in industry, and three years of experience as a commissioned officer in the U.S. Army. He received a M.B.A. degree from the University of New Orleans where he was a member of Beta Gamma Sigma. He is a member of the American Institute of Certified Public Accountants (AICPA), Texas Society of Certified Public Accountants (TSCPA), and the Institute of Internal Auditors (IIA). He is a past president of the Texas Association of College and University Auditors (TACUA).

Russell G. Hoskens, C.P.A., C.I.A., C.F.E., C.I.S.A., Director, began working in the UHS Internal Auditing Department in his current position on June 30, 1997. Other experience includes: eleven years of internal audit experience, including two years as an audit manager at the University of Texas Medical Branch at Galveston. He received a M.B.A. degree (concentration in Internal Auditing) from Louisiana State University. He is a member of the AICPA, the TSCPA, the IIA, the Association of Certified Fraud Examiners (ACFE), and the Information Systems Audit and Control Association (ISACA). He is also a past president of the TACUA.

Sergio Perez, C.P.A., Manager, began working in the UHS Internal Auditing Department on June 27, 2016. Other experience includes: three years of Big Four public accounting experience, three years of controller experience in industry, three years as the internal control manager for an oil services company and eighteen years of experience in internal audit for the telecommunication, maritime transportation oil services and manufacturing industries. He received B.S. and B.A. degrees from the University of the Sacred Heart. He is a member of the AICPA, Puerto Rico Society of Certified Public Accountants, and the IIA.

Tony Moreno, C.F.E., C.I.C.A., Senior Auditor, began working in the UHS Internal Auditing Department on October 10, 2005. Other experience includes nine years of internal audit experience and ten years of banking experience. He received B.S. degrees in Economics and Anthropology from the University of Houston. He is a member of the IIA and the ACFE.

Brandee O’Neal, C.I.A., Senior Auditor, began working in the UHS Internal Auditing Department on July 11, 2011. Other experience includes ten years of internal audit and accounting experience at the Texas Department of Criminal Justice. She received a M.B.A. degree from Sam Houston State University. She is a member of the IIA.

Isimeme Emafor, C.P.A., Senior Auditor, began working in the UHS Internal Auditing Department on October 7, 2013. Other experience includes three years as a financial examiner and three years of banking experience. She received a B.S. degree in Biology from the University of Houston and a M.B.A. degree from DePaul University. She is a member of the IIA.

**University of Houston System
Internal Auditing Department**

Internal Audit Team

Ray Hale, C.I.S.A, Information Technology Auditor, began working in the UHS Internal Auditing Department on November 15, 2010. Other experience includes eighteen years of internal audit experience, including ten years of information technology experience. He received a M.B.A. degree from Webster University. He is a member of the IIA and ISACA.

Dia Martinez, Staff Auditor II, began working in the UHS Internal Auditing Department on February 18, 2013. Other experience includes two years of Medicare auditing. She received a B.B.A. degree in Accounting from the University of Texas at San Antonio. She is a member of the IIA.

Eric Porter, Staff Auditor II, began working in the UHS Internal Auditing Department on February 17, 2014. Other experience includes two years of internal auditing experience at the Texas Department of Criminal Justice and twenty years of experience in the transportation, real estate, and energy industries. He received a B.B.A. degree in Finance, M.B.A. degree, and a M.S. degree in Accounting from the University of Houston. He is a member of the IIA.

Emily Tran, Staff Auditor II, began working in the UHS Internal Auditing Department on December 14, 2015. Other experience includes fourteen years of compliance audit/analyst experience in the insurance industry. She received a B.B.A. in Marketing from the University of Houston-Downtown. She is a member of the Institute of Internal Auditors.

Tamara Davis, Staff Auditor II, began working in the UHS Internal Auditing Department on January 25, 2016. Other experience includes nine years as a financial examiner. She received a B.B.S. from the University of Houston-Downtown. She is a member of the Institute of Internal Auditors.

Melissa Norman, Staff Auditor I, began working in the UHS Internal Auditing Department on April 4, 2016. Other experience includes three years of internal audit experience in the insurance industry. She received a B.S. degree in Accounting from Greenville College. She is a member of the Institute of Internal Auditors.

Sandra Dahlke, Executive Administrative Assistant, became a Certified Administrative Professional in 1978. She began working in the Internal Auditing Department on July 9, 2012, after working for the University of Houston Law Center for almost seven years as a Secretary. Other experience includes 28 years of secretarial experience.

Vacant Position – Administrative Assistant (New Position)

**University of Houston System
Internal Auditing Department**

Internal Audit Team

Professional Certifications:

C.P.A. – Certified Public Accountant
C.I.A. – Certified Internal Auditor
C.I.S.A. – Certified Information Systems Auditor
C.F.E. – Certified Fraud Examiner
C.I.C.A. – Certified Internal Control Auditor

Auditable Areas / Audit Activities

Section 4

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**AUDITABLE AREAS
ANNUAL ASSISTANCE/MANDATES & SYSTEM-WIDE AUDITS**

ANNUAL ASSISTANCE / MANDATES

Annual External Audits - Liaison

- Athletics – NCAA
- Cancer Prevention and Research Institute of Texas Grants
- Charter School
- Endowments
- Houston Public Media
- Regional Accreditation Reviews (SACS)

Athletics

- Football Attendance Audit
- NCAA Rules-Compliance

Contract Administration

Follow-up Audit Procedures

Special Projects

- Annual Audit Plan/Risk Analysis
- Annual Internal Audit Activity Report
- Annual Procurement Report
- Construction: Construction Procurement Process and New Construction (Outsourced)
- Contracts greater than \$1 million requiring Board of Regents' Approval
- Internal Audit Quality Assurance
- Management Requests
- Police Investigations

State Auditor's Office - Liaison

- State-wide and Other Audits

Texas Higher Education Coordinating Board

- Facilities Audits

Travel Expenditures

- Board of Regents' Travel & Entertainment
- Chancellor/President's Travel & Entertainment

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**AUDITABLE AREAS
ANNUAL ASSISTANCE/MANDATES & SYSTEM-WIDE AUDITS**

SYSTEM-WIDE AUDITABLE AREAS

Academic Fees	Enrollment Services
Accounts Payable	Admissions
Athletics	Financial Aid
Auxiliary Contract Administration	Registrar
- Bookstore	Campus Solutions Services
- Food Service	
- Licensing/Trademark	Procurement
- Pouring Rights	Procurement Cards/Travel Cards
- Temporary Services	Purchasing
Budgeting	Contract Administration
College / Division Departmental Reviews	
Continuing Education	Research
Endowments	Business Operations
Facilities Management	Contracts & Grants Administration
Facilities Planning & Construction	Intellectual Property Management
Financial Reporting	Research Centers and Institutes
Formula Funding	- Advanced Manufacturing Institute
General Accounting	- Center for Advanced Computing & Data Systems
Human Resources	- Center for Advanced Materials
Information Technology	- Texas Center for Superconductivity
Institutional Compliance Programs	- Texas Inst. For Measurement, Evaluation, and Statistics
Investment Management	- Texas Obesity Research Center
Library	Research Information Center
Parking	Research Oversight Committees
Payroll	Time and Effort Reporting
Police Departments	
Property Management (Fixed Assets)	Student Housing
Student Accounting & Receivables	
Support Organizations	Student Services
Travel and Entertainment Expenditures	Campus Recreation
University Advancement	Childcare
	Health Center
College Operations	Student Center
Hilton Hotel	Veterans Services
Optometry Clinic	
Small Business Development Center	
NSM Research Stores	

Audit Objectives

Section 5

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

AUDIT OBJECTIVES

ANNUAL ASSISTANCE / MANDATES:

Annual External Audits (Athletics – NCAA, Endowments, Houston Public Media, Charter School, Cancer Prevention and Research Institute of Texas Grants, and Regional Accreditation Reviews (SACS))

To provide assistance, as requested, to external auditors to expedite the audit and reduce audit costs to the university.

Annual Procurement Report

To review the Annual Procurement Report to help ensure that the report preparation methodology appears to be reasonable and the report satisfies the Board of Regents annual reporting requirement for procurement activity.

Athletics – Football Attendance Audit

To verify attendance at football games to comply with NCAA legislation.

Athletics – NCAA Rules-Compliance

To determine the adequacy of the Athletic Department's NCAA Rules-Compliance Program.

Board of Regents' Travel & Entertainment

To determine whether expenditures for travel and entertainment for the members of the Board of Regents were appropriately documented and allowable under university/Board of Regents policies.

Chancellor/President's Travel & Entertainment

To determine whether expenditures for travel and entertainment for the Chancellor/President were appropriately documented and allowable under university/Board of Regents policies.

Construction Procurement Process

To determine whether UHS is complying with its policies and procedures and the Texas Education Code in selecting its contractors for its major construction projects.

Contract Administration

To determine whether UHS is complying with state rules and regulations regarding the administration of contracts.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

AUDIT OBJECTIVES

Contracts Greater Than \$1 million Requiring Board of Regents' Approval

To determine whether UHS is complying with its policies and procedures and other statutes and regulations in awarding revenue or expenditure contracts greater than \$1 million.

Follow-up Reviews

To determine whether appropriate action is taken on reported audit findings.

Special Projects

Annual Audit Plan/Risk Analysis

Annual analysis to determine the university's areas of risk and scheduling audits of these areas with the resources available to the Internal Auditing Department.

Annual Internal Audit Activity Report

Annual activity report provides a summary of internal audit activities performed during the fiscal year, including explanations for significant deviation from the approved audit plan.

Internal Audit Quality Assurance

Procedures performed to ensure that the Internal Auditing Department complies with The International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.

Management Requests

Projects requested by management that arise due to events within the university. Provide auditing expertise in review of systems and procedures and provide recommendations for improvements to internal controls.

Police Investigations

Projects assigned by the UH-System Chancellor or Board of Regents or that arise due to unexpected events within the university. Provide auditing expertise in review of systems and procedures and provide recommendations for improvements to internal controls related to police investigations such as theft or other fraud.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

AUDIT OBJECTIVES

State Auditor's Office

Liaison – State-wide and Other Audits

Provide assistance to the State Auditor's Office to expedite the audit.

Texas Higher Education Coordinating Board

Facilities Audits

To determine accurate reporting of space and space needs, including confirming the following: 1) data reported in the institution's Facilities Inventory, 2) construction projects have received the necessary approvals, and 3) cost, funding, and space for all completed projects.

SYSTEM-WIDE AUDITABLE AREAS:

Academic Fees

To determine whether procedures help ensure academic fees are properly recorded and expended appropriately and are in compliance with state laws and regulations.

Accounts Payable

To determine whether the accounts payable system has adequate internal controls to provide assurance that only bona fide university expenditures are paid, there is adequate documentation and proper approvals. To ascertain that procedures ensure accurate recording and reporting of liabilities.

Athletics

To determine that there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Auxiliary Contract Administration

To determine whether all executed contracts are in accordance with university policies and that monitoring procedures are in place to help ensure compliance with contract obligations.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

AUDIT OBJECTIVES

Budgeting

To determine whether budget activities were being performed under an adequate system of internal controls to assure the reliability and integrity of the university's budgetary data.

College Operations

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Continuing Education

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Departmental Reviews

To determine whether departments are conducting financial and administrative activities in compliance with university policies.

Enrollment Services

To determine whether the admissions and registration process is effective and efficient and meets the students' and institution's needs.

Endowments

To determine whether endowment income was expended in accordance with the terms of the endowment agreement.

Facilities Management

To determine whether there are adequate internal controls to help ensure that departmental and university resources are being effectively and efficiently utilized and activities comply with statutes, regulations, and university policies.

Facilities Planning & Construction

To determine whether there are adequate internal controls to help ensure that departmental and university resources for major and minor construction projects are being effectively and efficiently utilized and activities comply with statutes, regulations, and university policies.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

AUDIT OBJECTIVES

Financial Aid

To determine whether the university is in compliance with federal and state regulations and university policy.

Financial Reporting

To determine whether activities are performed under an adequate system of internal controls to help ensure the reliability and integrity of the information contained in the university's financial reports and that reports are prepared in accordance with statutes, regulations, and university policies.

Formula Funding

To determine whether procedures are in place to help ensure that the data provided to the Coordinating Board is accurate, complete and in the format prescribed.

General Accounting

To determine whether activities are performed under an adequate system of internal controls to help ensure that transactions are recorded in the general ledger in accordance with university policies.

Human Resources

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Information Technology

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Institutional Compliance Programs (May be Conducted by External Peer Review Team)

To determine whether programs are designed and functioning effectively.

Investment Management

To determine whether there are adequate internal controls over the investment of non-endowed funds to help ensure compliance with statutes, regulations, and university policies.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

AUDIT OBJECTIVES

Library

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Parking

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Payroll

To determine whether only bona fide university employees are being paid their approved wages and that payroll procedures comply with Board and university policies and state and federal law.

Police Department

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Procurement/Travel Cards

To determine whether procurement/travel cards are being used for University purchases and that reconciliations are being performed in a timely manner.

Property Management (Fixed Assets)

Review the Property Management System and make recommendations to improve the methods of recording, safeguarding, and accounting for fixed assets (including the Wortham House and other facilities owned/leased by the university).

Purchasing

To ascertain whether the purchasing system has adequate internal controls and procedures which result in obtaining the desired product at the optimum price, in the requested quantity, at the right time and place.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

AUDIT OBJECTIVES

Research

To determine whether there are management practices in place to help ensure that contracts and grants are being managed in compliance with state and federal regulations and university policies and procedures.

Student Accounting and Receivables

To determine whether resources are being effectively and efficiently deployed under an adequate system of internal controls to help ensure student accounts are being billed, collected, and written off in compliance with statutes, regulations, and university policies.

Student Housing

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Student Services

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Support Organizations

To determine whether the amount recorded in the university's books and records agree with the corresponding amounts included in the support organization's audited financial statements and IRS Form 990 and to determine whether the foundations are complying with their agreements with the board of regents.

Travel and Entertainment Expenditures

To determine whether travel and entertainment expenditures comply with Board and university policies and state regulations.

University Advancement

To determine whether there are adequate internal controls to help ensure that departmental resources are being effectively and efficiently utilized and the department's activities comply with statutes, regulations, and university policies.

Three-Year Audit Schedule, FY 2017 - 2019

Section 6

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019
SCHEDULED AUDITS - FY 2017**

<u>AUDIT ACTIVITY</u>	<u>BUDGET HOURS</u>
<u>MANDATORY (5,600 hours)</u>	
Annual External Audits - Liaison	100
Annual Procurement Report	100
Athletics - Football Attendance Audit	100
Board of Regents Travel & Entertainment, FY 2017	200
Chancellor/President's Travel & Entertainment, FY 2017	200
Construction and Other Contracts Requiring Board of Regents Approval	500
Contract Administration - Food Service (System-wide)	600
Follow-up Reviews	500
Joint Admission Medical Program, FY 2016 (UHD)	100
Special Projects/Police Investigations	3,000
State Auditor's Office Liaison	
Audit Assistance - General	100
Follow-up Reports	100
<u>HIGH PRIORITY (5,600 hours)</u>	
Facilities Management (System-wide)	1,200
Financial Aid, Non-Title IV (System-wide)	1,200
Human Resources (System-wide)	1,200
Payroll (System-wide)	1,200
University Advancement (UH)	500
Information Technology (Co-Sourced)	300
PeopleSoft	
Information Technology General Controls - Research	
BSR Advance	
Single Sign-On Central Authentication	
Cyber Security Assessment	
<u>OTHER (2,460 hours)</u>	
Departmental Reviews (1,560 hours)	
UH University Advancement	100
UH University Marketing, Communications & Media Relations	100
UHCL Education	100
UHCL President's Office	100
UHD Administration & Finance	460
UHD Advancement & External Relations	100
UHD Employment Services & Operations	100
UHD President's Office	100
UHD Public Service	100
UHV Arts & Sciences	100
UHV Business Administration	100
UHV Education	100
Information Technology (900 hours)	
Computer Assisted Auditing Techniques	500
IT - Review and Monitor of IT Systems (High Priority Projects)	400
<u>INITIATED DURING FY 2016 - TO BE COMPLETED/REPORTED IN FY 2017</u>	1,593
Total Hours Scheduled for Fiscal Year 2017	<u>15,253</u>

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019
FY 2016 AUDITS IN PROGRESS AT YEAR-END**

**Budget
Hours**

AUDIT ACTIVITY

Projects Initiated During FY 2016, But Not Completed

1,593

Board of Regents Travel & Entertainment, FY 2016
 Chancellor/President's Travel & Entertainment, FY 2016
 Center for Advanced Computing & Data Systems, Follow-up
 Departmental Reviews
 UH College of Education
 UH Graduate College of Social Work
 UH Conrad N. Hilton College of Hotel and Restaurant Management
 UHD Academic & Student Affairs
 UHD University College
 UHV President's Office
 Endowments - UH Liberal Arts and Social Sciences
 Endowments - UH University Advancement
 General Accounting (All Components)
 Information Technology (Co-Sourced)
 Physical Access
 Student Housing (UH and UHV)
 TAC 202, Information Security Standards (UH)

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019
SCHEDULED AUDITS - FY 2018**

<u>AUDIT ACTIVITY</u>	<u>BUDGET HOURS</u>
<u>MANDATORY (6,100 hours)</u>	
Annual External Audits - Liaison	100
Annual Procurement Report	100
Athletics - Football Attendance Audit	100
Athletics - NCAA Rules-Compliance	400
Board of Regents Travel & Entertainment, FY 2018	200
Chancellor/President's Travel & Entertainment, FY 2018	200
Construction and Other Contracts Requiring Board of Regents Approval	500
Contract Administration - Bookstore	600
Follow-up Reviews	500
Quality Assurance Reviews	
Internal Quality Assurance Review	100
External Quality Assurance Review	100
Special Projects/Police Investigations	3,000
State Auditor's Office Liaison	
Audit Assistance - General	100
Follow-up Reports	100
<u>HIGH PRIORITY (4,400 hours)</u>	
Budgeting (System-wide)	1,200
Financial Aid, Title IV (UHCL, UHD, UHV)	1,200
Purchasing (System-wide)	1,200
TBD	500
Information Technology (Co-Sourced)	300
Malware and Anti-Virus	
Blackboard	
<u>OTHER (3,740 hours)</u>	
Departmental Reviews (2,840 hours)	
UH C.T. Bauer College of Business	680
UH Cullen College of Engineering	460
University of Houston Libraries	100
UH College of Natural Sciences & Mathematics	520
UH Research	520
UH College of Technology	220
UHD Humanities & Social Sciences	340
Information Technology (900 hours)	
Computer Assisted Auditing Techniques	500
IT - Review and Monitor of IT Systems (High Priority Projects)	400
<u>INITIATED DURING FY 2017 - TO BE COMPLETED/REPORTED IN FY 2018</u>	1,013
Total Hours Scheduled for Fiscal Year 2018	<u>15,253</u>

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019
SCHEDULED AUDITS - FY 2019**

<u>AUDIT ACTIVITY</u>	<u>BUDGET HOURS</u>
<u>MANDATORY (5,900 hours)</u>	
Annual External Audits - Liaison	100
Annual Procurement Report	100
Athletics - Football Attendance Audit	100
Athletics - NCAA Rules-Compliance	400
Board of Regents Travel & Entertainment, FY 2019	200
Chancellor/President's Travel & Entertainment, FY 2019	200
Construction and Other Contracts Requiring Board of Regents Approval	500
Contract Administration - TBD	600
Follow-up Reviews	500
Special Projects/Police Investigations	3,000
State Auditor's Office Liaison	
Audit Assistance - General	100
Follow-up Reports	100
<u>HIGH PRIORITY (4,400 hours)</u>	
Accounts Payable (System-wide)	1,200
Financial Aid, Scholarships (System-wide)	1,200
Property Management (System-wide)	1,200
TBD	500
Information Technology (Co-Sourced)	300
Disaster Recovery and Availability	
Third Party Risk Management	
External Vulnerability and Penetration Testing	
<u>OTHER (3,880 hours)</u>	
Departmental Reviews (2,980 hours)	
UH College of the Arts	200
UH Administration & Finance	640
UH Honors College	100
UH Law Center	160
UH College of Liberal Arts & Social Sciences	880
UH College of Pharmacy	100
UH Student Affairs & Enrollment Services	340
UHD Business	220
UHD Sciences & Technology	340
Information Technology (900 hours)	
Computer Assisted Auditing Techniques	500
IT - Review and Monitor of IT Systems (High Priority Projects)	400
<u>INITIATED DURING FY 2018 - TO BE COMPLETED/REPORTED IN FY 2019</u>	1,073
Total Hours Scheduled for Fiscal Year 2019	<u>15,253</u>

FREQUENCY OF AUDIT ACTIVITY

**Frequency Analysis
Fieldwork Scheduled, FY 2017 - 2019
Reports Issued, FY 2012 - 2016**

Section 7

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2017-2019**

UNIVERSITY OF HOUSTON

Auditable Area	WORK PERFORMED							WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							FY 2017	FY 2018	FY 2019	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016				
ANNUAL ASSISTANCE / MANDATES											
Annual External Audit Liaison - Athletics								X	X	X	
Annual External Audit Liaison - Charter School								X	X	X	
Annual External Audit Liaison - CPRIT								X	X	X	
Annual External Audit Liaison - Endowments								X	X	X	
Annual External Audit Liaison - Houston Public Media								X	X	X	
Athletics - Football Attendance Audit	10-12	11-10	12-13	13-13	14-14	15-15	16-18	X	X	X	
Athletics - NCAA Rules-Compliance	10-26		12-25	13-31		15-25	16-22		X	X	
SAO Liaison - State-wide & Other Audits								X	X	X	
SAO - Regional Accreditation Reviews (SACS)											
THECB - ARP/ATP Grants	10-19, 10-28										
THECB - Facilities Audits						15-24					X
THECB - Technology Workforce Development											
SYSTEM-WIDE AUDITS											
Academic Fees											X
Accounts Payable										X	
Athletics (See Mandates above and Division Audits below)								X	X	X	
Auxiliary Contract Administration				13-19							X
Budgeting									X		
College/Division (See College & Division Audits below)								X	X	X	
Continuing Education											X
Contracts & Grants Administration (See Research below)											
Endowments		11-25, 11-26 11-29, 11-32 11-34	12-03, 12-12 12-18, 12-23 12-33	13-05, 13-06 13-11, 13-24 13-25		15-14, 15-29 15-30	X				X
Enrollment Management		SP11-03		SP13-03							X
Facilities Management						SP15-05		X			
Facilities Planning & Construction		SP11-06	SP12-04			15-28 SP15-07					X
Financial Aid		11-20	SP12-09				16-29	X		X	
Financial Reporting			12-36								X
Formula Funding											X
General Accounting							X				X
Human Resources								X			
Information Technology (See Information Technology below)	10-24	11-33	12-38	13-36	14-27	15-33	X	X	X	X	
Institutional Compliance Programs											X
Investment Management											X
Library (see College Audits below)											X
Parking											X
Payroll								X			
Police Department				41							X

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2017-2019**

UNIVERSITY OF HOUSTON

Auditable Area	WORK PERFORMED						WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled						FY 2017	FY 2018	FY 2019	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016			
Procurement Cards/Travel Cards					14-26					X
Property Management (Fixed Assets)									X	
Purchasing								X		
Student Accounting & Receivables				SP13-07	SP14-02	15-07	SP16-01			X
Student Housing		SP11-04					X			X
Student Services (See Student Services below)										
Support Organizations	10-10 10-11									X
Travel and Entertainment Expenditures		11-23		13-32						X
University Advancement (Also see Division Audits below)								X		
COLLEGE AUDITS										
Gerald D. Hines College of Architecture and Design	10-18				SP14-09	15-17				X
College of the Arts									X	
C.T Bauer College of Business					SP14-04 14-10			X		
College of Education		11-31					X			X
Cullen College of Engineering				13-30		SP15-09		X		
Graduate College of Social Work			12-07				X			X
Honors College	10-09				14-11				X	
Conrad N. Hilton College of Hotel & Restaurant Management			12-04, 12-19				X			X
Law Center	10-17				14-23				X	
College of Liberal Arts & Social Sciences	10-07					15-10			X	
University of Houston Libraries				13-35				X		
College of Natural Sciences & Mathematics				SP13-05	14-16			X		
School of Nursing										X
College of Optometry		11-11 SP11-08					16-16			X
College of Pharmacy			SP12-02		14-22				X	
College of Technology					14-07			X		
DIVISION AUDITS										
Academic Affairs/Provost			12-14		SP14-05		16-28			X
Administration & Finance			SP12-06	SP13-12		SP-01, SP-02 SP-03, SP-04	16-21		X	
Athletics		11-02		SP13-10		15-32				X
Chancellor/President	10-27					15-31				X
Research			SP12-03 SP12-10	SP13-04	14-05			X		
Student Affairs & Enrollment Services		11-05	SP12-07	SP13-09		15-12	SP16-04		X	
University Advancement				13-26				X		
University Marketing, Communications, & Media Relations				4/2				X		

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2017-2019**

UNIVERSITY OF HOUSTON

Auditable Area	WORK PERFORMED							WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							FY 2017	FY 2018	FY 2019	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016				
INFORMATION TECHNOLOGY											
Information Technology (Schneider Downs)											
Blackboard									X		
BSR Advance								X			
Cybersecurity Assessment							X				X
Disaster Recovery and Availability										X	
Effort Reporting											X
External Vulnerability and Penetration Testing										X	
FISMA Compliance											X
HIPAA / HITECH Compliance											X
Information Technology Audit Risk Assessment							X				X
Information Technology General Controls											X
Information Technology General Controls - Research								X			
Malware and Anti-Virus									X		
PCI-DSS Compliance											X
PeopleSoft								X			
Physical Access							X				X
Single Sign-On Central Authentication								X			
Third Party Risk Management										X	
Information Technology Security Operations					SP14-08						X
Texas Administrative Code 202	10-03				14-28		X				
Tier 1 Projects (High Priority)								X	X	X	
Tier 2 Projects (Medium Priority)											X
Tier 3 Projects (Low Priority)											X
RESEARCH											
Business Operations											X
Contract and Grants Administration		11-24			SP14-06						X
Intellectual Property Management											X
Research Centers and Institutes (See Research Centers below)											
Research Information Center											X
Research Oversight Committees											X
Time and Effort Reporting											X
RESEARCH CENTERS											
Advanced Superconductor Manufacturing Institute											X
Center for Advanced Computing & Data Systems			12-17	SP13-08	SP14-03		X				X
Center for Advanced Materials				13-04							X
Texas Center for Superconductivity				13-03							X
Texas Institute for Measurement, Evaluation, and Statistics			12-32								X
Texas Obesity Research Center					14-05						X
				43							

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2017-2019

UNIVERSITY OF HOUSTON

Auditable Area	WORK PERFORMED							WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No.							FY 2017	FY 2018	FY 2019	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016				
STUDENT SERVICES											
Campus Recreation											X
Childcare Center											X
Health Center											X
University Center											X
OTHER AUDITS:											
Cash Handling Reviews	10-20										
IT - PeopleSoft Student Acad. & Admin., Data Conversion											
Medical Billings	10-22										
National Research University Fund			12-24								
Privacy/Information Security		11-30									
Research - JAMP		11-08		13-07			16-12				
Research - CPRIT					14-20						

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
FREQUENCY OF AUDIT ACTIVITY
INTERNAL AUDIT PLAN, FY 2017-2019

UNIVERSITY OF HOUSTON-CLEAR LAKE

Auditable Area	WORK PERFORMED							WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							FY 2017	FY 2018	FY 2019	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016				
<u>ANNUAL ASSISTANCE / MANDATES</u>											
SAO Liaison - State-wide and Other Audits											X
SAO - Regional Accreditation Reviews (SACS)			X								
THECB - ARP/ATP Grants	10-19										
THECB - Facilities Audits								X			
THECB - Technology Workforce Development											
<u>SYSTEM-WIDE AUDITS</u>											
Academic Fees											X
Accounts Payable										X	
Athletics (N/A)											
Auxiliary Contract Administration				13-18							X
Budgeting									X		
College/Division (See School & Division Audits below)							X	X			
Continuing Education											X
Contracts & Grants Administration (Sponsored Programs)				13-34							X
Endowments					14-17						X
Enrollment Management											X
Facilities Management								X			
Facilities Planning & Construction											X
Financial Aid		11-18		13-33				X	X	X	
Financial Reporting			12-36								X
Formula Funding						15-18					X
General Accounting							X				X
Human Resources								X			
Information Technology (UCT)	10-02		12-21				16-24	X	X	X	
Institutional Compliance Programs											X
Investment Management (N/A)											
Library			SP12-05								X
Parking											X
Payroll								X			
Police Department											X
Procurement Cards/Travel Cards											X
Property Management (Fixed Assets)										X	
Purchasing									X		
Student Accounting & Receivables						15-11					X
Student Housing (N/A)											
Student Services											X

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INTERNAL AUDITING DEPARTMENT
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UNIVERSITY OF HOUSTON-CLEAR LAKE

Auditable Area	WORK PERFORMED							WORK SCHEDULED			LATER	
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							FY 2017	FY 2018	FY 2019		
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016					
Support Organizations (N/A)												
Travel and Entertainment Expenditures		11-23										X
University Advancement												X
COLLEGES												
Business	10-13						16-15					X
Education				13-21				X				
Human Sciences and Humanities	10-21						16-07					X
Science & Computer Engineering	10-14						16-08					X
DIVISIONS												
Administration & Finance	10-25					15-27						X
President's Office				13-14				X				
Provost's Office		11-22		SP13-13			16-30					X
REARCH CENTER												
Environment Institute of Houston				13-29								X
OTHER AUDITS												
Cash Handling Reviews	10-20											
Research - JAMP							16-11					

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UNIVERSITY OF HOUSTON-DOWNTOWN

Auditable Area	WORK PERFORMED							WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							FY 2017	FY 2018	FY 2019	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016				
ANNUAL ASSISTANCE / MANDATES											
SAO Liaison - State-wide & Other Audits											X
SAO - Regional Accreditation Reviews (SACS)											
THECB - ARP/ATP Grants	10-28										
THECB - Facility Audits								X			
SYSTEM-WIDE AUDITS											
Academic Fees											X
Accounts Payable										X	
Athletics (N/A)											
Auxiliary Contract Administration				13-17							X
Budgeting									X		
College/Division (See College & Division Audits below)							X	X	X	X	
Continuing Education											X
Contract and Grants Administration											X
Endowments					14-25						X
Enrollment Management											X
Facilities Management	SP10-01							X			
Facilities Planning & Construction											X
Financial Aid		11-19	SP12-01	13-23		SP15-08		X	X	X	
Financial Reporting			12-36								X
Formula Funding						16-23					X
General Accounting						X					X
Human Resources						SP16-05		X			
Information Technology			12-11	SP13-11		16-17		X	X	X	
Institutional Compliance Programs											X
Investment Management (N/A)											
Library											X
Parking											X
Payroll								X			
Police Department											X
Procurement Cards/Travel Cards											X
Property Management (Fixed Assets)										X	
Purchasing									X		
Student Accounting & Receivables						15-20					X
Student Housing (N/A)											
Student Services											X
Support Organizations (N/A)											

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UNIVERSITY OF HOUSTON-DOWNTOWN

Auditable Area	WORK PERFORMED							WORK SCHEDULED			LATER	
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							FY 2017	FY 2018	FY 2019		
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016					
Travel and Entertainment Expenditures		11-23										X
University Advancement												X
COLLEGES												
Business					14-24						X	
Humanities and Social Sciences					14-15				X			
Public Service			12-37				SP16-08	X				
Sciences and Technology	10-15	SP11-02			14-21						X	
University College		11-15					X					X
DIVISIONS												
Academic & Student Affairs		11-16		13-12			X					X
Administration & Finance				13-22				X				
Advancement & External Affairs			12-34					X				
Employment Services & Operations			12-39					X				
President's Office			12-35					X				
OTHER AUDITS												
Cash Handling Reviews												
Contracts and Grants - JAMP		11-07			14-06			X				

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UNIVERSITY OF HOUSTON-VICTORIA

Auditable Area	WORK PERFORMED Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							WORK SCHEDULED			LATER	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019		
ANNUAL ASSISTANCE / MANDATES												
SAO Liaison - State-wide and Other Audits												X
SAO - Regional Accreditation Reviews (SACS)												
THECB - Facility Audits									X			
SYSTEM-WIDE AUDITS												
Academic Fees												X
Accounts Payable										X		
Athletics												X
Auxiliary Contract Administration				13-20								X
Budgeting									X			
College/Division (See School & Division Audits below)							X	X				
Continuing Education (N/A)												
Contract and Grants Administration					14-04							X
Endowments						15-26						X
Enrollment Management												X
Facilities Management								X				
Facilities Planning & Construction												X
Financial Aid		11-17						X	X	X		
Financial Reporting			12-36									X
Formula Funding						15-19						X
General Accounting							X					X
Human Resources								X				
Information Technology (Computing Services)			12-20					X	X	X		
Institutional Compliance Programs												X
Investment Management (N/A)												
Library												X
Parking												X
Payroll								X				
Police Department												X
Procurement Cards/Travel Cards												X
Property Management (Fixed Assets)										X		
Purchasing									X			
Student Accounting & Receivables						15-16						X
Student Housing						SP15-06	X					X
Student Services												X
Support Organizations (N/A)												

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UNIVERSITY OF HOUSTON-VICTORIA

Auditable Area	WORK PERFORMED Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							WORK SCHEDULED			LATER
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	
Travel and Entertainment Expenditures		11-23									X
University Advancement											X
SCHOOLS											
Arts & Sciences			12-26				SP16-07	X			
Business Administration		SP11-01 SP11-07	12-28 SP12-11	SP13-01 SP13-02 SP13-06			SP16-02 SP16-03	X			
Education			12-27 SP12-08					X			
Nursing		11-14									X
DIVISIONS											
Administration & Finance		11-12					16-06				X
President's Office			12-22				X				X
Provost		11-13					16-05				X
Student Affairs & Enrollment Management							16-04				X

**UNIVERSITY OF HOUSTON SYSTEM
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UNIVERSITY OF HOUSTON-SYSTEM

Auditable Area	WORK PERFORMED							WORK SCHEDULED			LATER
	Audit Rpt. No./Special Project Rpt. No. X = Work In-Progress/Scheduled							FY 2017	FY 2018	FY 2019	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016				
Annual Procurement Report								X	X	X	
Board of Regents' Travel	10-05	11-03	12-05	13-08	14-09	15-05	16-09, X	X	X	X	
Chancellor/President's Travel	10-04	11-04	12-06	13-09	14-08	15-04	16-10, X	X	X	X	
Construction Procurement Process/Contracts > \$1 Million		11-28	12-02, 12-10 12-16, 12-31	13-02, 13-16 13-28	14-02, 14-13 14-19	15-02, 15-09 15-21, 15-23	16-02, 16-14, 16-20, 16-27	X	X	X	
Contract Administration							16-32	X	X	X	
Consumable/Resale Inventory											
Follow-up Audit Procedures	10-01, 10-08 10-16, 10-23	11-01, 11-09 11-21, 11-27	12-01, 12-09 12-15, 12-30	13-01, 13-15 13-27	14-01, 14-12 14-18	15-01, 15-08 15-13, 15-22	16-01, 16-13, 16-19, 16-26	X	X	X	
Internal Auditing Quality Assurance/Peer Review			12-29			15-34			X		
Non-Compliance Report	10-06	11-06	12-08	13-10	14-03	15-03	16-03	X	X	X	
SAO Liaison								X	X	X	
State Benefits Proportionality						15-06	16-31				X
Wortham House - Fixed Asset Inventory											X

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REPORT #	TITLE
AR2016-01	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/15 to 9/30/15
AR2016-02	Construction and Other Contracts Requiring BOR Approval
AR2016-03	Annual Non-Compliance Report, FY 2015
AR2016-04	UHV Enrollment Management and Student Affairs, Departmental Reviews
AR2016-05	UHV Office of Provost, Departmental Reviews
AR2016-06	UHV Division of Administration and Finance, Departmental Reviews
AR2016-07	UHCL School of Human Sciences and Humanities, Departmental Review
AR2016-08	UHCL School of Science and Computer Engineering, Departmental Review
AR2016-09	Board of Regents' Travel & Entertainment, FY 2015
AR2016-10	Chancellor/President's Travel & Entertainment, FY 2015
AR2016-11	UHCL Joint Admissions Medical Program, FY 2015
AR2016-12	UH Joint Admissions Medical Program, FY 2015
AR2016-13	Follow-up Status Report - Actions Scheduled for Implementation from 10/1/15 to 12/31/15
AR2016-14	Construction and Other Contracts Requiring BOR Approval
AR2016-15	UHCL School of Business, Departmental Review
AR2016-16	UH College of Optometry, Departmental Review
AR2016-17	UHD Information Security Standards
AR2016-18	UH Athletics, Football Attendance - 2015 Season
AR2016-19	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/16 to 3/31/16
AR2016-20	Construction and Other Contracts Requiring BOR Approval
AR2016-21	UH Division of Administration and Finance, Departmental Reviews
AR2016-22	UH Athletics, NCAA Rules-Compliance
AR2016-23	UHD Formula Funding
AR2016-24	UHCL Information Security Standards
AR2016-25	UHV Information Security Standards
AR2016-26	Follow-up Status Report - Actions Scheduled for Implementation from 4/1/16 to 6/30/16
AR2016-27	Construction and Other Projects Requiring BOR Approval
AR2016-28	UH Office of Academic Affairs and Provost, Departmental Reviews
AR2016-29	UH Designated Tuition Set Aside
AR2016-30	UHCL Office of the Provost, Departmental Reviews
AR2016-31	UHS State Benefits Proportionality
AR2016-32	UHS Compliance Review - Texas Education Code, Section 51.9337
AR2015-01	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/14 to 9/30/14
AR2015-02	Construction Award Status Report
AR2015-03	Annual Non-Compliance Report, FY 2014
AR2015-04	Chancellor/President's Travel & Entertainment Expenditures, FY 2014
AR2015-05	Board of Regents' Travel & Entertainment Expenditures, FY 2014

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REPORT #	TITLE
AR2015-06	UHS State Benefits Proportionality
AR2015-07	UH Student Accounting and Receivables
AR2015-08	Follow-up Status Report - Actions Scheduled for Implementation from 10/1/14 to 12/31/14
AR2015-09	Construction Award Status Report
AR2015-10	UH College of Liberal Arts & Social Sciences, Departmental Reviews
AR2015-11	UHCL Student Accounting and Receivables
AR2015-12	UH Division of Student Affairs and Enrollment Services, Departmental Reviews
AR2015-13	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/15 to 3/31/15
AR2015-14	UH College of Technology, Endowments
AR2015-15	UH Athletics, Football Attendance - 2014 Season
AR2015-16	UHV Student Accounting and Receivables
AR2015-17	UH College of Architecture, Departmental Review
AR2015-18	UHCL Formula Funding
AR2015-19	UHV Formula Funding
AR2015-20	UHD Student Accounting and Receivables
AR2015-21	Construction and Other Projects Requiring BOR Approval
AR2015-22	Follow-up Status Report - Actions Scheduled for Implementation from 4/1/15 to 6/30/15
AR2015-23	Construction and Other Projects Requiring BOR Approval
AR2015-24	THECB/UHS Facilities Development Projects Review
AR2015-25	UH Athletics, NCAA Rules-Compliance
AR2015-26	UHV Endowments
AR2015-27	UHCL Administration and Finance, Departmental Reviews
AR2015-28	UH Facilities Planning and Construction
AR2015-29	UH Honors College, Endowments
AR2015-30	UH College of Pharmacy, Endowments
AR2015-31	UHS/UH Chancellor/President, Departmental Review
AR2015-32	UH Athletics, Departmental Review
AR2015-33	Information Technology Audit Activity Report, FY 2015
AR2015-34	UHS Internal Assessment of Internal Auditing
AR2014-01	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/13 to 12/30/13
AR2014-02	Construction Award Status Report
AR2014-03	Annual Non-Compliance Report, FY 2013
AR2014-04	UHV Research Administration
AR2014-05	UH Division of Research, Departmental Reviews
AR2014-06	UHD Joint Admissions Medical Program, FY 2013
AR2014-07	UH College of Technology, Departmental Reviews
AR2014-08	Chancellor/President's Travel & Entertainment Expenditures, FY 2013

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<u>REPORT #</u>	<u>TITLE</u>
AR2014-09	Board of Regents' Travel & Entertainment Expenditures, FY 2013
AR2014-10	UH College of Business, Departmental Reviews
AR2014-11	UH Honors College, Departmental Review
AR2014-12	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/14 to 3/31/14
AR2014-13	Construction Award Status Report
AR2014-14	UH Athletics, Football Attendance - 2013 Season
AR2014-15	UHD College of Humanities and Social Sciences, Departmental Reviews
AR2014-16	UH College of Natural Sciences and Mathematics, Departmental Reviews
AR2014-17	UHCL Endowments
AR2014-18	Follow-up Status Report - Actions Scheduled for Implementation from 4/1/14 to 6/30/14
AR2014-19	Construction Award Status Report
AR2014-20	UH Cancer Prevention and Research Institution of Texas, Grant Awards
AR2014-21	UHD College of Sciences and Technology, Departmental Reviews
AR2014-22	UH College of Pharmacy, Departmental Review
AR2014-23	UH Law Center, Departmental Reviews
AR2014-24	UHD College of Business, Departmental Reviews
AR2014-25	UHD Endowments
AR2014-26	UH Procurement Cards
AR2014-27	Information Technology Audit Activity Report, FY 2014
AR2014-28	UH Information Security Standards
AR2013-01	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/12 to 12/31/12
AR2013-02	Construction Award Status Report
AR2013-03	UH Texas Center for Superconductivity
AR2013-04	UH Center for Advanced Materials
AR2013-05	UH Law Center, Endowments
AR2013-06	UH College of Architecture, Endowments
AR2013-07	UH JAMP, FY 2011-2012
AR2013-08	Board of Regents' Travel, FY 2012
AR2013-09	Chancellor/President's Travel, FY 2012
AR2013-10	Annual Non-Compliance Report, FY 2012
AR2013-11	UH Graduate College of Social Work, Endowments
AR2013-12	UHD Student Success and Enrollment Management, Departmental Reviews
AR2013-13	UH Football Attendance, 2012 Season
AR2013-14	UHCL President's Office, Departmental Review
AR2013-15	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/13 to 3/30/13
AR2013-16	Construction Award Status Report
AR2013-17	UHD Auxiliary Contract Administration

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REPORT #	TITLE
AR2013-18	UHCL Auxiliary Contract Administration
AR2013-19	UH Auxiliary Contract Administration
AR2013-20	UHV Auxiliary Contract Administration
AR2013-21	UHCL School of Education, Departmental Review
AR2013-22	UHD Division of Administration & Finance, Departmental Reviews
AR2013-23	UHD Financial Aid - Direct Loans, Work Study, SEOG
AR2013-24	UH College of Hotel and Restaurant Management, Endowments
AR2013-25	UH College of Business, Endowments
AR2013-26	UH University Advancement, Departmental Review
AR2013-27	Follow-up Status Report - Actions Scheduled for Implementation from 4/1/13 to 6/30/13
AR2013-28	Construction Award Status Report
AR2013-29	UHCL Environmental Institute of Houston
AR2013-30	UH College of Engineering, Departmental Reviews
AR2013-31	UH Athletics, NCAA Rules-Compliance
AR2013-32	UH Frequent Traveler Audit
AR2013-33	UHCL Financial Aid, Title IV
AR2013-34	UHCL Research Administration
AR2013-35	UH University Libraries, Departmental Review
AR2013-36	Information Technology Audit Activity Report, FY 2013
AR2012-01	Follow-up Status Report - Actions Scheduled for Implementation from 7/1/11 to 9/30/11
AR2012-02	Construction Awards
AR2012-03	UH College of Engineering, Endowments
AR2012-04	UH College of Hotel & Restaurant Management, Departmental Review
AR2012-05	Board of Regents' Travel, FY 2011
AR2012-06	Chancellor/President's Travel, FY 2011
AR2012-07	UH Graduate College of Social Work, Departmental Review
AR2012-08	Annual Non-Compliance Report, FY 2011
AR2012-09	Follow-up Status Report - Actions Scheduled for Implementation from 10/1/11 to 12/31/11
AR2012-10	Construction Awards
AR2012-11	UHD Information Security Standards
AR2012-12	UH Provost Office, Endowments
AR2012-13	UH Athletics, Football Attendance - 2011 Season
AR2012-14	UH Office of Academic Affairs and Provost, Departmental Reviews
AR2012-15	Follow-up Status Report - Actions Scheduled for Implementation from 1/1/12 to 3/31/12
AR2012-16	Construction Awards
AR2012-17	UH Texas Learning and Computation Center
AR2012-18	UH Non-College, Specific Endowments

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<u>REPORT #</u>	<u>TITLE</u>
AR2012-19	UH Hilton Hotel
AR2012-20	UHV Information Security Standards
AR2012-21	UHCL Information Security Standards
AR2012-22	UHV President's Office, Departmental Reviews
AR2012-23	UH System Administration, Endowments
AR2012-24	UH National Research University Fund
AR2012-25	UH Athletics, NCAA Rules-Compliance
AR2012-26	UHV School of Arts and Sciences, Departmental Review
AR2012-27	UHV School of Education and Human Development, Departmental Review
AR2012-28	UHV School of Business Administration, Departmental Review
AR2012-29	Internal Quality Assurance Review of Internal Auditing
AR2012-30	Follow-up Status Report - Actions Scheduled for Implementation from 4/1/12 to 6/30/12
AR2012-31	Construction Awards
AR2012-32	UH Texas Institute for Measurement, Evaluation, and Statistics
AR2012-33	UH Texas Center for Superconductivity, Endowments
AR2012-34	UHD Advancement & External Relations, Departmental Review
AR2012-35	UHD President's Office, Departmental Review
AR2012-36	UHS Financial Reporting
AR2012-37	UHD College of Public Service, Departmental Review
AR2012-38	Information Technology Audit Activity Report, FY 2012
AR2012-39	UHD Employment Services and Operations, Departmental Review

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SPECIAL PROJECT REPORTS

REPORT #	TITLE
SP2016-01	UH Office of Student Business Services - SAO Hotline Complaint No. 16-0070
SP2016-02	UHV School of Business - SAO Hotline Complaint No. 15-1246
SP2016-03	UHV School of Business, Conflict of Interest - SAO Hotline Complaint No. 16-0509
SP2016-04	UH Student Affairs - SAO Hotline Complaint No. 16-0945
SP2016-05	UHD Employee Services & Operations - SAO Hotline Complaint No. 16-1402
SP2016-06	University of Tennessee Quality Assessment Review
SP2016-07	UHV School of Arts & Sciences, Biology Lab
SP2016-08	UHD College of Public Service, Criminal Justice Center
SP2016-09	UHS Leave/Travel Assertions
SP2015-01	UH Stadium HEAF Expenditures
SP2005-02	UH Facilities and Event Management Services
SP2015-03	UH Facilities Management Costs
SP2015-04	UH Student Issues - SFAC/MOU
SP2015-05	UH Facilities - SAO Hotline Complaint No. 15-0996
SP2015-06	UHV Housing Development
SP2015-07	UH Facilities - SAO Hotline Complaint No. 15-1532
SP2015-08	UHD Financial Aid - SAO Hotline Complaint No. 15-1957
SP2015-09	UH College of Engineering - SAO Hotline Complaint No. 15-1756
SP2014-01	Review of Proposals for External Audits
SP2014-02	UH Cashier's Office Missing Deposits
SP2014-03	UH Texas Learning & Computation Center - SAO Hotline Complaint No. 14-0591
SP2014-04	UH Small Business Development Center
SP2014-05	UH Faculty Addresses
SP2014-06	UH Division of Research - SAO Hotline Complaint No. 14-0588
SP2014-07	University of Pittsburgh Peer Review
SP2014-08	UH Internet Security - SAO Hotline Complaint No. 14-3046
SP2014-09	UH Sasakawa International Center for Space Architecture
SP2014-10	UH Financial Aid - SAO Hotline Complaint No. 14-3466
SP2014-11	UH College of Natural Sciences & Mathematics - SAO Hotline Complaint No. 14-3592
SP2013-01	UHV School of Business - SAO Hotline Complaint
SP2013-02	UHV School of Business, Travel - SAO Hotline Complaint
SP2013-03	UH Grade Changes
SP2013-04	UH F&A Rate Computation - SAO Hotline Complaint
SP2013-05	SAO NRUF - Travel Vouchers
SP2013-06	UHV School of Business, Travel - SAO Hotline Complaint
SP2013-07	UH Collection Fees - SAO Hotline Complaint

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SPECIAL PROJECT REPORTS

REPORT #	TITLE
SP2013-08	TLC2 Payroll Issues
SP2013-09	UH Forensic Society, Fund Raising
SP2013-10	UH Athletics Facilities / Venue Management - SAO Hotline Complaint
SP2013-11	UHD Website Vulnerability - SAO Hotline Complaint
SP2013-12	UH Credit Card Handling - SAO Hotline Compliant
SP2013-13	UHCL Travel & Hiring Practices - SAO Hotline Compliant
SP2013-14	Welch Foundation Analysis - Assurance
SP2013-15	UH NSM, Earth and Atmospheric Sciences Assertions
SP2013-16	Welch Foundation Letter - Unexpended Balances
SP2012-01	UHD Financial Aid - SAO Hotline Compliant
SP2012-02	UH Pharmacy, Graduate Assertions
SP2012-03	UH VC/VP Credentials - SAO Hotline Compliant
SP2012-04	UHV Jaguar Hall - SAO Hotline Compliant
SP2012-05	UHCL Personal Information - SAO Hotline Compliant
SP2012-06	UHS Bond Issue Proceeds - SAO Hotline Compliant
SP2012-07	UH Moving Expenses - SAO Hotline Compliant
SP2012-08	UHV Teacher Certifications - SAO Hotline Compliant
SP2012-09	Student Asserts Unauthorized Financial Aid
SP2012-10	UH Researchers / Laboratories - SAO Hotline Compliant
SP2012-11	UHV School of Business - SAO Hotline Compliant
SP2012-12	UH Texas Learning & Computation Center, Travel Reimbursements
SP2012-13	Texas Tech Peer Review

INTERNAL AUDIT RISK ANALYSIS

8-1 Risk Analysis Methodology

8-2 Risk Analysis

8-3 Audit Coverage Matrices

8-4 Information Technology Risk Assessment

Section 8

RISK ANALYSIS METHODOLOGY

Section 8-1

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

RISK ANALYSIS METHODOLOGY

Each year, the Internal Auditing Department prepares a risk analysis, as required by The International Standards for the Professional Practice of Internal Auditing which states that its plan of engagements should be based on a risk assessment, undertaken at least annually, and that the input of senior management and the board should be considered in this process. Risk is defined as the probability that an event or action may adversely affect the organization or activity under audit.

The purpose of our risk analysis is to develop an audit plan for performing audit projects in risk areas over a specified time to minimize the risk of losses to the University; to prioritize audit projects by the level of risk; to use our audit staff and time in an effective and efficient manner; and to determine the nature, timing, and extent of audit steps and procedures in direct relation to the amount and nature of the risk.

The risk methodology we use consists of three phases: (1) identification of auditable areas; (2) input from management; and (3) a risk analysis. We also considered an auditable area's impact on the accomplishment of the University's goals and objectives during our risk analysis. Matters that we consider in establishing audit work schedule priorities include: (a) the date and results of the last audit; (b) financial exposure; (c) potential loss and risk; (d) requests by management; (e) major changes in operations, programs, systems, and controls and (f) opportunities to achieve operating benefits.

The auditable areas audit cycle is as follows: SACS Accreditation Reviews every 10 years (see 8-3-1); and NCAA Rules-Compliance (see 8-3-2), Financial Aid (see 8-3-3 and 8-3-4), College/Division, Departmental Reviews (see 8-3-5), Endowments (see 8-3-6), and Information Technology (see 8-3-7) receive an annual audit for a portion of the coverage areas .

The College/Division, Departmental Reviews are scheduled at least once every 5 years. These reviews test compliance with the universities' policies and procedures for the following 12 areas noted below.

- management oversight
- policies, procedures, required training, and reporting
- cost center management
- payroll
- human resources
- change funds and cash receipts
- procurement and travel cards
- departmental expenses
- contract administration
- property management
- scholarships
- research

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

RISK ANALYSIS METHODOLOGY

RISK ANALYSIS:

In the attached Risk Analysis, we assigned levels of risk by use of a number rating system. The first step was to define the risk factors. We decided on the following risk factors: (1) reason for the audit, (2) administrative oversight, and (3) date last audited. These risk factors were assessed as follows:

- (1) Reason for the Audit: Each auditable area was assigned a value of 5 for one of the following reasons: auditor preference (the complexity of information systems, the impact of compliance issues, knowledge of management practices, results of last audit, and public relations exposure) or management request.
- (2) Administrative Oversight: We decided on the following factors to assess oversight risk: (1) budgeted sources of funds, (2) budgeted uses of funds, (3) total expenditures, (4) total income, and (5) total asset values. Values were assigned from 0 to 10 (0 - < \$10,000,000; 1 to 9 – increments of \$10,000,000; 10 - > \$100,000,000).
- (3) Date Last Audited: Values assigned for date last audited were from 0 to 10. A value of 10 was assigned for an auditable area that has not been audited or was audited 10 or more years ago. Values below 10 were assigned based on how many years since the last audit.

All risk factors for each auditable area were combined resulting in a total risk factor.

After performing the preliminary risk assessment, the following areas received the highest risk rank (25-20). All of these areas are scheduled for review during FY 2017-2019.

<u>Scheduled</u>	<u>Unscheduled</u>
Accounts Payable (FY 2019) Budgeting (FY 2018) Human Resources (FY 2017) Payroll (FY 2017) Property Management (FY 2019) Purchasing (FY 2018)	

RISK ANALYSIS

Section 8-2

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**UNIVERSITY OF HOUSTON SYSTEM
SYSTEM-WIDE AUDITS
RISK ASSESSMENT**

Auditable Area	Total Risk Rank	Reason For Audit		FY2017-2019 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2017	FY 2018	FY 2019	Later
		Auditor Preference	Management Request							
Payroll	25	5		10	650,154,718	10	X			
Budgeting	20			10	1,850,400,000	10		X		
Property Management (Fixed Assets)	20			10	1,027,958,012	10			X	
Accounts Payable	20			10	351,399,570	10			X	
Purchasing	20			10	351,399,570	10		X		
Human Resources	20			10	158,120,549	10	X			
Enrollment Management	19			10	620,609,540	9				X
Facilities Management	19		5	4	45,249,736	10	X			
Academic Fees	17			7	70,851,586	10				X
Financial Aid	16	5		10	372,312,426	1	X		X	
Formula Funding	16	5		10	207,188,453	1				X
Facilities Planning & Construction	16		5	10	138,725,185	1				X
Parking	16	5		1	17,180,022	10				X
Investment Management	15			5	56,659,976	10				X
Financial Reporting	14			10	1,619,202,897	4				X
University Advancement	14			4	43,556,019	10				X
Student Housing	14	5	5	4	41,704,857	0				X
Contract & Grants Administration	13			10	116,931,208	3				X
Student Services	13			3	34,903,749	10				X
Library	12			2	29,958,580	10				X
Student Accounting & Receivables	11			10	620,609,540	1				X
Police Departments	11			1	13,358,076	10				X
General Accounting	10			10	1,812,046,593	0				X
College/Division Departmental Reviews	10			10	1,364,148,195	0	X	X	X	
Institutional Compliance Programs	10			0	0	10				X
Information Technology	9	5		4	48,978,809	0	X	X	X	
Auxiliary Contract Administration	9	5		1	10,374,145	3				X
Continuing Education	9			0	4,134,364	9				X
College Operations	7			3	30,543,716	4				X
Support Organizations	6			0	0	6				X
Athletics	4			4	40,157,908	0	X	X	X	
Procurement Cards / Travel Cards	4			2	29,234,417	2				X
Travel and Entertainment Expenditures	3			0	6,667,740	3				X
Endowments	2			2	25,704,833	0				X

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**UNIVERSITY OF HOUSTON
SYSTEM-WIDE AUDITS
RISK ASSESSMENT**

Auditable Area	Total Risk Rank	Reason For Audit		FY2017-2019 Administrative Oversight Risk Level	Total Administrative Oversight Dollars	UHS Administrative Oversight Dollars	UH Administrative Oversight Dollars	Years Since Last Audit	FY 2017	FY 2018	FY 2019	Later
		Auditor Preference	Management Request									
Payroll	25	5		10	479,001,264	8,088,503	470,912,761	10	X			
Budgeting	20			10	1,363,800,000	44,500,000	1,319,300,000	10		X		
Property Management (Fixed Assets)	20			10	857,993,707	31,546,821	826,446,886	10			X	
Accounts Payable	20			10	285,484,987	3,118,546	282,366,441	10			X	
Purchasing	20			10	285,484,987	3,118,546	282,366,441	10		X		
Human Resources	20			10	110,529,804	1,845,972	108,683,832	10	X			
Enrollment Management	19			10	442,843,048	0	442,843,048	9				X
Facilities Management	18		5	3	30,646,985	0	30,646,985	10	X			
Formula Funding	17	5		10	143,876,152	1,425,000	142,451,152	2				X
Facilities Planning & Construction	16		5	10	108,799,203	0	108,799,203	1				X
Parking	16	5		1	14,779,793	0	14,779,793	10				X
Financial Aid	15	5		10	222,188,724	0	222,188,724	0	X	X	X	
Investment Management	15			5	50,088,613	10,125,560	39,963,053	10				X
Financial Reporting	14			10	1,363,357,216	121,077,605	1,242,279,611	4				X
Academic Fees	14			4	47,820,799	0	47,820,799	10				X
University Advancement	14			4	42,063,480	0	42,063,480	10	X			
Continuing Education	14		5	0	2,505,949	0	2,505,949	9				X
Contract & Grants Administration	13			10	107,358,737	0	107,358,737	3				X
Student Housing	13	5	5	3	38,786,531	0	38,786,531	0				X
Student Services	12			2	22,721,971	0	22,721,971	10				X
Library	12			2	20,002,792	0	20,002,792	10				X
Student Accounting & Receivables	11			10	442,843,048	0	442,843,048	1				X
General Accounting	10			10	1,415,338,755	586,532,294	828,806,462	0				X
College/Division Departmental Reviews	10			10	1,036,387,672	0	1,036,387,672	0	X	X	X	
Police Departments	10			0	9,259,737	0	9,259,737	10				X
Institutional Compliance Programs	10			0	0	0	0	10				X
Auxiliary Contract Administration	8	5		0	5,328,564	0	5,328,564	3				X
College Operations	7			3	30,543,716	0	30,543,716	4				X
Information Technology	7	5		2	25,182,827	0	25,182,827	0	X	X	X	
Support Organizations	6			0	0	0	0	6				X
Procurement Cards / Travel Cards	4			2	22,586,395	134,722	22,451,673	2				X
Athletics	3			3	38,555,322	0	38,555,322	0	X	X	X	
Travel and Entertainment Expenditures	3			0	5,503,504	29,428	5,474,076	3	X	X	X	
Endowments	2			2	23,598,467	1,725,820	21,872,647	0				X

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**UNIVERSITY OF HOUSTON-CLEAR LAKE
SYSTEM-WIDE AUDITS
RISK ASSESSMENT**

Auditable Area	Total Risk Rank	Reason For Audit		FY2017-2019 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2017	FY 2018	FY 2019	Later
		Auditor Preference	Management Request							
Payroll	21	5		6	68,490,010	10	X			
Budgeting	20			10	170,100,000	10		X		
Enrollment Management	16			6	69,306,094	10				X
Property Management (Fixed Assets)	16			6	60,997,326	10			X	
Parking	15	5		0	845,229	10				X
Financial Reporting	13			9	98,572,223	4				X
Financial Aid	12	5		4	40,003,037	3	X	X	X	
Accounts Payable	12			2	22,985,847	10			X	
Purchasing	12			2	22,985,847	10		X		
Human Resources	11			1	19,119,210	10	X			
College/Division Departmental Reviews	10			10	115,388,129	0	X			
General Accounting	10			10	99,896,323	0				X
Academic Fees	10			0	8,005,587	10				X
Facilities Management	10			0	5,110,805	10	X			
Student Services	10			0	4,502,188	10				X
Library	10			0	4,221,422	10				X
Investment Management	10			0	2,313,755	10				X
Police Departments	10			0	1,667,979	10				X
Procurement Cards / Travel Cards	10			0	1,036,834	10				X
University Advancement	10			0	160,839	10				X
Continuing Education	10			0	0	10				X
Institutional Compliance Programs	10			0	0	10				X
Facilities Planning & Construction	8		5	2	27,868,782	1				X
Formula Funding	8	5		2	25,078,506	1				X
Auxiliary Contract Administration	8	5		0	279,846	3				X
Student Accounting & Receivables	7			6	69,306,094	1				X
Information Technology	5	5		0	7,165,643	0	X	X	X	
Travel and Entertainment Expenditures	5			0	526,001	5				X
Contract & Grants Administration	3			0	3,901,363	3				X
Endowments	2			0	783,384	2				X
Athletics	0			0	0	0				
College Operations	0			0	0	0				
Student Housing	0			0	0	0				
Support Organizations	0			0	0	0				

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**UNIVERSITY OF HOUSTON-DOWNTOWN
SYSTEM-WIDE AUDITS
RISK ASSESSMENT**

<u>Auditable Area</u>	<u>Total Risk Rank</u>	<u>Reason For Audit</u>		<u>FY2017-2019 Administrative Oversight Risk Level</u>	<u>Administrative Oversight Dollars</u>	<u>Years Since Last Audit</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Later</u>
		<u>Auditor Preference</u>	<u>Management Request</u>							
Payroll	22	5		7	75,598,771	10	X			
Budgeting	20			10	185,200,000	10		X		
Enrollment Management	18			8	84,544,755	10				X
Property Management (Fixed Assets)	17			7	76,855,497	10			X	
Financial Aid	16	5		8	82,824,652	3	X	X	X	
Parking	15	5		0	1,555,000	10				X
Financial Reporting	14			10	132,447,206	4				X
Accounts Payable	12			2	27,217,689	10			X	
Purchasing	12			2	27,217,689	10		X		
Human Resources	11			1	19,888,336	10	X			
Academic Fees	11			1	12,249,193	10				X
General Accounting	10			10	274,065,452	0				X
College/Division Departmental Reviews	10			10	162,208,147	0	X	X	X	
Facilities Management	10			0	7,659,777	10	X			
Student Services	10			0	5,026,213	10				X
Library	10			0	4,259,895	10				X
Procurement Cards / Travel Cards	10			0	3,334,064	10				X
Investment Management	10			0	2,952,440	10				X
Police Departments	10			0	2,430,360	10				X
Continuing Education	10			0	1,628,415	10				X
University Advancement	10			0	1,331,700	10				X
Institutional Compliance Programs	10			0	0	10				X
Student Accounting & Receivables	9			8	84,544,755	1				X
Contract & Grants Administration	9			0	3,335,680	9				X
Auxiliary Contract Administration	8	5		0	743,815	3				X
Formula Funding	7	5		2	23,627,504	0				X
Information Technology	6	5		1	15,393,820	0	X	X	X	
Facilities Planning & Construction	6		5	0	2,000,000	1				X
Travel and Entertainment Expenditures	5			0	347,226	5				X
Endowments	2			0	987,163	2				
Athletics	0			0	0	0				
College Operations	0			0	0	0				
Student Housing	0			0	0	0				
Support Organizations	0			0	0	0				

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
AUDIT PLAN, FY 2017-2019**

**UNIVERSITY OF HOUSTON-VICTORIA
SYSTEM-WIDE AUDITS
RISK ASSESSMENT**

Auditable Area	Total Risk Rank	Reason For Audit		FY2017-2019 Administrative Oversight Risk Level	Administrative Oversight Dollars	Years Since Last Audit	FY 2017	FY 2018	FY 2019	Later
		Auditor Preference	Management Request							
Budgeting	20			10	131,300,000	10		X		
Payroll	17	5		2	27,064,673	10	X			
Parking	15	5		0	0	10				
Property Management (Fixed Assets)	13			3	32,111,483	10			X	
Financial Aid	12	5		2	27,296,013	5	X	X	X	
Enrollment Management	12			2	23,915,643	10				X
Accounts Payable	11			1	15,711,047	10			X	
Purchasing	11			1	15,711,047	10		X		
Human Resources	10			0	8,583,199	10	X			
Student Housing	10	5	5	0	2,918,326	0				X
Academic Fees	10			0	2,776,007	10				X
Student Services	10			0	2,653,377	10				X
Procurement Cards / Travel Cards	10			0	2,277,124	10				X
Facilities Management	10			0	1,832,169	10	X			
Library	10			0	1,474,471	10				X
Investment Management	10			0	1,305,168	10				X
Continuing Education	10			0	0	10				X
Institutional Compliance Programs	10			0	0	10				X
Police Departments	10			0	0	10				X
University Advancement	10			0	0	10				X
Auxiliary Contract Administration	8	5		0	4,021,920	3				X
Formula Funding	7	5		1	14,606,291	1				X
Financial Reporting	6			2	24,826,252	4				X
Facilities Planning & Construction	6		5	0	57,200	1				X
College/Division Departmental Reviews	5			5	50,164,247	0	X			
Information Technology	5	5		0	1,236,519	0	X	X	X	
Travel and Entertainment Expenditures	5			0	291,009	5				X
Athletics	4			0	1,602,586	4				X
Student Accounting & Receivables	3			2	23,915,643	1				X
General Accounting	2			2	22,746,063	0				X
Contract & Grants Administration	2			0	2,335,428	2				X
Endowments	1			0	335,819	1				
College Operations	0			0	0	0				
Support Organizations	0			0	0	0				

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

AUDIT COVERAGE MATRICES

INDEX

1. SACS Accreditation Reviews
2. NCAA Rules-Compliance
3. Financial Aid – Schedule
4. Financial Aid – Award Amounts
5. Departmental Reviews
6. Endowments
7. Information Technology

Section 8-3

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**AUDIT COVERAGE MATRIX
SACS 10 YEAR ACCREDITATION REVIEWS**

<u>Year</u>	CAMPUS			
	<u>UH</u> 10 Year	<u>UHCL</u> 10 Year	<u>UHD</u> 10 Year	<u>UHV</u> 10 Year
2017				
2018	X			
2019				
2020				
2021				
2022		X		
2023				
2024				X
2025				
2026			X	
2027				
2028	X			
2029				
2030				

Note: SACS Regional Accreditation Reviews are required every 10 years. The reviews are performed by external auditors.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**AUDIT COVERAGE MATRIX
NCAA RULES-COMPLIANCE**

<u>Audit Areas</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<u>Major Areas</u>					
Eligibility					
- Initial-Eligibility Certification				X	
- Continuing-Eligibility Certification				X	
- Transfer-Eligibility Certification				X	
Financial Aid Administration		X			
Recruiting			X		
<u>Other Areas</u>					
Governance & Organization		X			
Academic Performance Program				X	
Camps and Clinics			X		
Investigations and Self-Reporting Rules Violations			X		
Rules Education			X		
Extra Benefits					
- Athletic Equipment and Apparel			X		
- Complimentary Admissions		X			
- Student-Athlete Vehicles		X			
- Team Travel			X		
- Representatives of Athletics Interests		X			
Playing and Practice Seasons				X	
Student-Athlete Employment		X			
Amateurism				X	
Commitment of Personnel to Rules-Compliance Activities		X	X	X	

Note: NCAA Bylaw 22.2.1.2.(e) - ...the institution shall demonstrate that: ... at least once every four years, its rules-compliance program is the subject of evaluation by an authority outside of the athletics department. This bylaw was rescinded as of February 2013. However, the Athletics Compliance Department continues to follow the remaining NCAA bylaws as part of their compliance operations.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**AUDIT COVERAGE MATRIX
FINANCIAL AID**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<u>Title IV</u>					
Pell Grants		X			
Federal Direct Loan Program		X			
Perkins Loans		X			
College Work-Study		X			
Supplemental Education Opportunity Grants		X			
TEACH Grant		X			
<u>Non-Title IV</u>					
Scholarships			X		
Designated Tuition (15%) - Set Aside				X	
Other Non-Title IV	X				

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**FINANCIAL AID PROGRAMS
TOTAL AWARDS**

Entity/ Year	Federal Family Education Loan Program	Federal Direct Loan Program	Pell Grants	Perkins Loans	College Work-Study	Supplemental Education Opportunity Grants	Academic Competitiveness Grant	National SMART Grant	TEACH Grant	Total Title IV Financial Aid
	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards	\$ Awards
UH										
2010	\$143,760,077	\$8,244,959	\$42,684,559	\$3,353,817	\$1,797,976	\$1,650,000	\$846,978	\$628,217	\$50,000	\$203,016,583
2011	N/A	\$172,662,435	\$51,004,966	\$1,126,019	\$1,295,837	\$1,165,849	\$852,945	\$601,449	\$96,500	\$228,806,000
2012	N/A	\$181,547,103	\$54,577,436	\$2,118,694	\$1,617,134	\$1,000,000	N/A	N/A	\$77,500	\$240,937,867
2013	N/A	\$172,531,087	\$53,526,012	\$1,456,759	\$1,328,953	\$1,000,000	N/A	N/A	\$51,000	\$229,893,811
2014	N/A	\$162,259,752	\$51,490,996	\$63,768	\$1,329,684	\$1,055,234	N/A	N/A	\$32,977	\$216,232,411
2015	N/A	\$164,627,000	\$54,860,338	\$79,962	\$1,457,192	\$1,130,012	N/A	N/A	\$34,220	\$222,188,724
2016	N/A	\$163,347,334	\$55,115,342	\$46,490	\$1,739,863	\$1,044,541	N/A	N/A	\$36,724	\$221,330,294
UHCL										
2010	N/A	\$35,468,523	\$5,736,855	\$57,897	\$101,697	\$197,656	N/A	\$228,658	\$287,239	\$42,078,525
2011	N/A	\$36,553,539	\$7,223,187	\$64,042	\$123,044	\$205,036	N/A	\$315,573	\$358,038	\$44,842,459
2012	N/A	\$37,401,756	\$7,705,328	\$53,111	\$124,471	\$190,449	N/A	N/A	\$297,458	\$45,772,573
2013	N/A	\$35,416,173	\$7,867,066	\$67,000	\$111,587	\$197,915	N/A	N/A	\$247,651	\$43,907,392
2014	N/A	\$31,621,768	\$7,657,532	\$52,000	\$143,815	\$118,766	N/A	N/A	\$228,374	\$39,822,255
2015	N/A	\$30,905,917	\$8,609,251	\$20,000	\$154,374	\$138,500	N/A	N/A	\$174,995	\$40,003,037
2016	N/A	\$25,930,560	\$8,300,108	\$13,000	\$139,385	\$178,125	N/A	N/A	\$171,083	\$34,732,261
UHD										
2010	\$47,148,593	\$22,552	\$22,748,948	N/A	\$398,079	\$508,825	\$372,035	\$41,400	N/A	\$71,240,432
2011	N/A	\$49,650,902	\$26,792,564	N/A	\$409,926	\$420,590	\$451,165	\$155,095	N/A	\$77,880,242
2012	N/A	\$53,723,163	\$26,751,083	N/A	\$285,343	\$421,385	N/A	N/A	N/A	\$81,180,974
2013	N/A	\$52,876,329	\$26,294,178	N/A	\$306,207	\$465,399	N/A	N/A	N/A	\$79,942,113
2014	N/A	\$49,973,546	\$26,465,051	N/A	\$310,022	\$376,525	N/A	N/A	N/A	\$77,125,144
2015	N/A	\$54,851,693	\$27,206,868	N/A	\$313,512	\$452,579	N/A	N/A	N/A	\$82,824,652
2016	N/A	\$52,816,470	\$24,174,092	N/A	\$366,433	\$428,750	N/A	N/A	N/A	\$77,785,745
UHV										
2010	N/A	\$14,876,155	\$2,936,721	N/A	\$45,397	\$61,425	N/A	\$27,500	\$29,000	\$17,976,198
2011	N/A	\$18,997,187	\$4,561,797	N/A	\$72,920	\$76,385	\$51,750	\$28,000	\$26,000	\$23,814,039
2012	N/A	\$21,534,532	\$4,771,457	N/A	\$92,906	\$57,068	N/A	N/A	\$26,000	\$26,481,963
2013	N/A	\$21,082,561	\$5,028,439	N/A	\$120,131	\$93,726	N/A	N/A	\$18,322	\$26,343,179
2014	N/A	\$21,217,151	\$5,457,117	N/A	\$113,279	\$78,840	N/A	N/A	\$20,078	\$26,886,465
2015	N/A	\$21,071,875	\$5,938,981	N/A	\$137,589	\$120,697	N/A	N/A	\$26,871	\$27,296,013
2016	N/A	\$18,177,528	\$5,792,614	N/A	\$108,914	\$124,500	N/A	N/A	\$25,966	\$24,229,522

NOTE 1: Award amounts were provided by Financial Aid Directors.

NOTE 2: Award amounts for FY 2016 are as of May 2016.

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

**AUDIT COVERAGE MATRIX
DEPARTMENTAL REVIEWS**

University	College/Division Name	FY 2017 BUDGET			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
		Operations Expenditures	Restricted Expenditures	FTEs					
UH	Academic Affairs/Provost	61,307,907	1,674,951	223				X	
UH	Administration & Finance	122,165,836	21,891,249	1,305			X		
UH	Gerald D. Hines College of Arch. and Des.	5,952,940	650,637	56			X		
UH	College of the Arts	13,963,978	7,759,097	233			X		
UH	Athletics	39,072,677	6,393,353	171			X		
UH	C.T. Bauer College of Business	44,796,318	9,730,940	385		X			
UH	Chancellor/President	2,917,517	94,973	21			X		
UH	College of Education	14,948,876	5,551,772	294				X	
UH	Cullen College of Engineering	35,584,576	29,021,792	495		X			
UH	Graduate College of Social Work	4,623,436	2,549,242	82				X	
UH	Honors College	4,605,996	716,560	57			X		
UH	Conrad N. Hilton College of Hotel & Rest. Mgmt.	13,921,750	3,022,883	108				X	
UH	Law Center	24,691,019	1,819,693	297			X		
UH	College of Liberal Arts & Social Sciences	58,499,419	14,076,303	965			X		
UH	University of Houston Libraries	19,677,654	325,138	119		X			
UH	College of Natural Sciences & Mathematics	54,924,013	36,630,486	524		X			
UH	School of Nursing	3,531,402	0	23				X	
UH	College of Optometry	22,230,550	7,645,447	183			X		
UH	College of Pharmacy	13,390,452	3,721,437	146			X		
UH	Research	57,406,713	8,436,004	286		X			
UH	Student Affairs & Enrollment Services	132,139,420	86,554,874	658			X		
UH	College of Technology	15,463,019	2,209,010	189		X			
UH	University Advancement	14,640,220	332,489	130	X				
UH	University Marketing, Comm, & Media	5,123,654	0	44	X				
		785,579,342	250,808,330	6,991					
UHCL	Administration & Finance	17,127,008	5,000	196			X		
UHCL	Business	11,756,769	3,820	145			X		
UHCL	Education	7,347,470	893,073	113	X				
UHCL	Human Sciences & Humanities	11,638,220	782,369	210			X		
UHCL	President's Office	2,848,363	21,825	32	X				
UHCL	Provost's Office	36,609,357	13,531,732	440				X	
UHCL	Science and Engineering	11,962,017	861,106	185			X		
		99,289,204	16,098,925	1,321					
UHD	Academic & Student Affairs	33,199,331	37,104,472	290				X	
UHD	Administration & Finance	30,310,615	0	274	X				
UHD	Advancement & External Relations	2,910,019	0	18	X				
UHD	Business	16,854,123	476,374	199			X		
UHD	Employment Svc & Operations	1,497,743	0	17	X				
UHD	Humanities & Social Sciences	13,599,939	62,666	260		X			
UHD	President's Office	1,190,509	6,004	6	X				
UHD	Public Service	7,192,635	1,206,789	107	X				
UHD	Sciences & Technology	10,321,963	634,925	173			X		
UHD	University College	4,088,479	1,551,561	75				X	
		121,165,356	41,042,791	1,420					
UHV	Administration & Finance	7,747,209	0	89			X		
UHV	Arts & Sciences	5,838,687	16,867	89	X				
UHV	Business Administration	7,340,742	310,008	76	X				
UHV	Education	3,933,927	456,946	52	X				
UHV	Enrollment Mgmt. & Student Affairs	7,566,717	7,451,052	75			X		
UHV	President's Office	4,113,529	61,711	39				X	
UHV	Provost	4,784,025	33,743	61			X		
UHV	University Advancement & External Rel.	509,084	0	6				X	
		41,833,920	8,330,327	488					

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2016-2018**

UNIVERSITY OF HOUSTON SYSTEM

**AUDIT COVERAGE MATRIX
ENDOWMENTS**

Endowment Category		No. of Endowments	Market Value as of 8/31/15	Income Distributed FY 2015	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
University of Houston:										
	Administration & Finance	1	1,405	-		X				
	Advancement	1	2,741,685	(149,325)						X
	Gerald D. Hines College of Architecture and Design	16	6,480,184	(205,912)			X			
	Athletics	42	5,821,269	(228,753)	X					
	C. T. Bauer College of Business	116	63,713,771	(2,403,699)			X			
	College of Education	62	3,012,854	(100,674)	X					
	Cullen College of Engineering	95	20,953,261	(818,212)		X				
	Graduate College of Social Work	30	6,301,320	(126,062)			X			
	Honors College	49	7,861,764	(301,653)					X	
	Conrad N. Hilton College of Hotel and Restaurant Mgmt.	53	4,256,678	(157,650)			X			
	College of Liberal Arts & Social Sciences	273	83,796,675	(3,080,841)						X
	College of Law	11	1,657,648	(62,926)			X			
	University of Houston Libraries	70	8,363,584	(311,187)	X					
	Non College Specific	193	81,972,286	(3,134,852)		X				
	College of Natural Sciences & Mathematics	56	13,160,859	(460,496)	X					
	College of Optometry	34	6,693,534	(173,450)	X					
	College of Pharmacy	85	2,596,377	(89,339)					X	
	President	5	2,308,933	(94,947)		X				
	Office of the Provost	22	48,041,339	(1,968,451)		X				
	Research	12	22,181,114	(890,719)		X				
	Student Affairs	6	633,717	(24,876)		X				
	College of Technology	34	1,837,579	(64,318)					X	
	Total - University of Houston	1,266	394,387,836	(14,848,342)						
	University of Houston-Clear Lake	154	21,545,489	(853,089)				X		
	University of Houston-Downtown	87	26,758,557	(1,043,212)				X		
	University of Houston-Victoria	87	11,078,961	(441,709)					X	
	System Administration	21	111,539,043	(4,532,425)		X				
	TOTAL - UH SYSTEM ENDOWMENT FUND	1,615	565,309,886	(21,718,777)						

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT
INTERNAL AUDIT PLAN, FY 2017-2019**

UNIVERSITY OF HOUSTON SYSTEM

**AUDIT COVERAGE MATRIX
INFORMATION TECHNOLOGY**

Component	Audit	Priority		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
UHS	PeopleSoft	1			X			
UHS	Information Technology General Controls - Research	2			X			
UHS	Physical Access	3		X				
UH	BSR Advance	4			X			
UHS	Single Sign-On Central Authentication	5			X			
UHS	Malware and Anti-Virus	6				X		
UHS	Blackboard	7				X		
UH	Cybersecurity Assessment	8			X			
UH	Disaster Recovery and Availabilty	9					X	
UHS	Third Party Risk Management	10					X	
UHS	External Vulnerability and Penetration Testing	11					X	
UHS	Effort Reporting	12						X
UHS	HIPAA / HITECH Compliance	13						X
UHS	PCI-DSS Compliance	14						X
UHS	FISMA Compliance	15						X
UH	Information Technology General Controls - UH	16						X
UHCL	Information Technology General Controls - UHCL	17						
UHD	Information Technology General Controls - UHD	17						
UHV	Information Technology General Controls - UHV	17						
UHS	System Development Life Cycle	18						
UHS	Mobile Device	19						
UHS	Incident Response	20						
UHS	Security Event Monitoring	21						
UHS	IT Goveranance	22						
UHS	Resource Planning	23						
UHS	Document Retention Compliance	24						
UHS	Social Media	25						

Note: The IT Audit Universe and related Risk Assessment was prepared by our Co-Sourced Information Technology auditor on March 22, 2016.

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

COMMITTEE: Audit and Compliance

ITEM: Report on Board of Regents Policies 42.01, Institutional Compliance, and 55.01, Contracts

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Board of Regents Policies 42.01, Institutional Compliance and 55.01, Contracts have been amended to comply with the requirements of Senate Bill 20 of the 84th Legislature. This legislation added Section 51.9337 to the Texas Education Code to require the rules of the board of regents of higher education institutions to address certain matters related to procurement, contracting, contract administration and the related management and governance responsibilities.

SUPPORTING

DOCUMENTATION: Board of Regents Policies 42.01, Institutional Compliance, and 55.01, Contracts

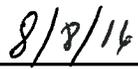
FISCAL NOTE: None

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

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Don Guyton



DATE



CHANCELLOR Renu Khator



DATE

SECTION V – AUDIT AND COMPLIANCE

42 COMPLIANCE

42.01 Institutional Compliance

The Chancellor, as Chief Executive Officer of the System, is responsible for ensuring the implementation of an institutional compliance program for the System designed to promote ethical behavior and ensure compliance with all applicable policies, laws, and rules governing higher education, including research and health care to the extent applicable. Accordingly, the System-wide Compliance Officer prepares an executive summary of all institutional compliance activity of the component institutions.

42.01.1 System-Wide Compliance Officer

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

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

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

(Policy last reviewed-updated02/18/201608/25/2016)

Related Statutes, Policies or Requirements

Texas Education Code § 51.971 – *Compliance Program*

55 - FINANCE

55.01 Contracts

No person has the authority to bind the System contractually except in accordance with this policy.

55.01.1 Board Approval

In an open meeting, the Board must approve:

- A. Purchase, gift or acquisition of real property;
- B. The sale of real property or conveyance of any interest in real property; expressly excluded are utility easements to serve one or more component universities.
- C. as lessee, all real estate leases, lease renewals and extensions, if the obligation of the lease is equal to or greater than \$1,000,000.
- D. Oil and gas leases with an expected bonus exceeding \$100,000.
- E. banking agreements;
- F. any single procurement or revenue contract for construction, equipment, goods, and/or services, not specified above, which is expected to exceed \$1,000,000;
- G. any extension, modification, or renewal of an existing contract which is expected to exceed \$1,000,000;
- H. any series of contracts which are initiated in the same department for the same goods or services with the same party within a fiscal year, that, if combined in one contract, would require Board approval;
- I. any other contract the Board might designate as having significant importance to require Board approval.

55.01.2 Delegation of Authority for Contracts Requiring Board Approval

- A. Delegation to the Chancellor. The Chancellor shall execute all contracts approved by the Board.
- B. Delegation by the Chancellor. All delegations of contracting authority shall be in writing, approved by the Chancellor, and filed with the Board. No employee, officer, or agent of the

System shall have the authority to execute contracts unless delegated such authority pursuant to this policy.

C. General Counsel Review. All contracts must be reviewed and approved as to form by the Office of the General Counsel before execution. The Office of the General Counsel may approve uniform contracts which, thereafter, may be used without additional review and approval by the Office of General Counsel, as long as the standard form of agreement has not been altered. Standard form contracts requiring Board or Chancellor approval must be reviewed by the Office of General Counsel.

D. Construction Contract Review. The System Office of Facilities and Planning shall review all plans, specifications and bidding documents for compliance with applicable state laws governing their areas of responsibility prior to being released for bidding. The purchasing department of the component University shall review the bidding documents for compliance with University and System policies as well as state law.

E. Emergencies. In the event of a bona fide emergency, as declared by the chairman of the Board upon consultation with the Chancellor, the Chancellor may enter into a contract that would otherwise require Board approval under this policy, provided that the Chancellor submits such contract to the Board for ratification at the next regular meeting of the Board.

55.01.3 Delegation of Authority for Contracts not Requiring Board Approval

A. Delegation to the Chancellor. The Chancellor may negotiate, execute, and administer all contracts and related necessary legal documents and instruments not requiring Board approval according to section 55.01.

B. Delegation by the Chancellor. The Chancellor may delegate the authority granted by section 55.01.3A to System administration officers or the Presidents, according to their areas of responsibility. The Chancellor may approve the further delegation of such authority by System administrative officers or the Presidents as is appropriate.

C. General Counsel Review. All contracts must be reviewed and approved as to form by the Office of General Counsel before execution. The Office of General Counsel may approve uniform contracts which, thereafter, may be used without additional review and approval by the Office of General Counsel, as long as the standard form of agreement has not been altered.

D. Construction Contract Review. When total project costs of a new construction and/or renovation project are \$300,000 or less, each component shall ensure that all plans, specifications, and bidding documents are reviewed for compliance with applicable state laws prior to being released for bidding. When total project costs are greater than \$300,000, the System's office of Facilities Planning and Construction shall manage such projects, including review of all plans, specifications and bidding documents for compliance with applicable state

laws prior to being released for bidding. The Component may request authority to manage a specific project over \$300,000 up to \$1,000,000 by submitting a request in writing detailing the scope of the project for the approval of the Vice Chancellor on a project by project basis. Evaluation and approval of requests will be based upon the Components and ability to negotiate, review, and administer such contracts. Requests for authority to manage a project over \$300,000 up to \$1,000,000 by the Component must be received and approved before proceeding with the project. (11/19/15)

55.01.4 Reporting to the Board

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

A. All professional service or consulting contracts awarded during the fiscal year where the total compensation from System-wide sources to a single entity is expected to exceed \$250,000,

B. All construction, equipment, goods and service contracts awarded during the fiscal year (including any amendments) where total compensation from System-wide sources to a single entity is expected to exceed \$1,000,000, and

C. All contracts that require enhanced contract or performance monitoring under Sections 2261.253, 2261.254 and 2261.255 of the Texas Government Code.

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

55.01.5 Contract Administration

The Chancellor, as Chief Executive Officer of the System, is responsible for implementing a contract administration function which is designed to ensure compliance with all applicable policies, laws and regulations and at a minimum shall:

A. Include a contract administration handbook that provides consistent contracting policies and practices and contract review procedures, including a risk analysis procedure which is subject to contract review procedures and a contract review checklist that includes:

1. A description of each step of the procedure that each institution must use to evaluate and process contracts;
2. A description of each process that must be completed before contract execution and;
3. A value threshold that initiates the required review by the Office of General Counsel unless the contract is a standard contract previously approved by the Office of General Counsel.

B. Require training for officers and employees authorized to execute contracts or exercise discretion in awarding contracts, including training in ethics, selection of appropriate procurement methods, and information resources purchasing technologies.

(Policy last updated ~~8/20/2015~~ 8/25/2016)

Related Statutes, Policies, or Requirements

Texas Education Code §§ 51.776 – 51.785 – *Construction and Repair of Permanent Improvements*

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

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

Texas Education Code § 111.34 – *Contracts*

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

Texas Government Code § 2261.253 – *Required Posting of Certain Contracts*

Texas Government Code § 2261.254 – *Contracts with Value Exceeding \$1 Million*

Texas Government Code § 2261.255 – *Contracts with Value Exceeding \$5 Million*

State of Texas Contract Management Guide,

<http://www.window.state.tx.us/procurement/pub/contract-mgmt-guide-v1.10.pdf>

System Administrative Memoranda (SAMs)

01.B.05 – *Signature Authority for Construction Contracts*

01.B.07 – *Facilities Acquisition, Construction or Renovation*

03.A.05 – *Contract Administration*

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

COMMITTEE: Audit and Compliance

ITEM: Report on Audit and Compliance Committee Charter and Checklist

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Attached for your approval is the Audit & Compliance Committee Charter and Checklist. The Audit & Compliance Committee Charter and Checklist are recommended guidelines for the operation of the Audit & Compliance Committee. The Audit & 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 & Compliance Committee Charter and Checklist

FISCAL NOTE: None

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

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Don Guyton

8/8/16

DATE



CHANCELLOR Renu Khator

8/19/16

DATE

University of Houston System

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

Role

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

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

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

Membership

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

Reporting

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

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

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

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

Education

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

Authority

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

Responsibilities

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

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

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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;

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

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- 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).
(8/20/13)

(Charter last reviewed 08/20/2015)

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

COMMITTEE: Audit and Compliance

ITEM: Report on Audit and Compliance Committee Planner

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit and Compliance Committee Planner lists all actions required of the Audit & Compliance Committee with recommended schedules for these activities. Item 2.04 of the Planner requires the Audit & Compliance Committee to approve the Planner for the upcoming year. There are no suggested changes to the Audit and Compliance Committee Planner.

This item requires only the approval of the Audit & Compliance Committee and not the board.

SUPPORTING DOCUMENTATION: Audit and Compliance Committee Planner

FISCAL NOTE: None

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

COMPONENT: University of Houston System

Don Guyton

CHIEF AUDIT EXECUTIVE Don Guyton **DATE** *8/8/16*

Renu Khator

CHANCELLOR Renu Khator **DATE** *8/19/16*

University of Houston System Audit & Compliance Committee Planner

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

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		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				
.05	Consider and review with executive management and the Chief Audit Executive any changes required in the planned scope of the audit plan. <p style="text-align: right;">(19c)</p>	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. <p style="text-align: right;">(11)</p>	A			X	
.08	Review the effectiveness of the internal audit function including compliance with <u>The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing</u> and the Texas Internal Auditing Act.	At least every 3 years				
.09	For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level. <p style="text-align: right;">(9)</p>	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. <p style="text-align: right;">(14)</p>	A	X			

University of Houston System Audit & Compliance Committee Planner

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

University of Houston System Audit & Compliance Committee Planner

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

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

University of Houston System Audit & Compliance Committee Planner

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

.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)	AN				

Legend:

Q - Quarterly
A – Annually
AN – As Needed

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

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

(#'s)

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

University of Houston System Audit & Compliance Committee Planner

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

A PRESENTATION FOR THE
AUDIT AND COMPLIANCE COMMITTEE
OF THE
UH BOARD OF REGENTS
AUGUST 25, 2016

DONA CORNELL, GENERAL COUNSEL AND VC/VP FOR LEGAL AFFAIRS
RICHARD ANTHONY BAKER, AVC/AVP FOR EQUAL OPPORTUNITY SERVICES



WHAT IS TITLE IX?

“No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any educational programs or activity receiving federal financial assistance.”

Title IX of the Education Amendments of 1972

WHAT IS TITLE IX?

SH+ SEXUAL ASSAULT, PARTNER VIOLENCE, STALKING, AND EXPLOITATION

THINK BROADLY (PREGNANCY, GENDER STEREOTYPING, OFF CAMPUS)

ENFORCED BY THE DEPARTMENT OF EDUCATION OFFICE OF CIVIL RIGHTS

UH IS LIABLE IF KNEW OR SHOULD HAVE KNOWN OF SUCH ACTS & DID NOTHING

CREATED A HOSTILE ENVIRONMENT (SEVERE OR PERVASIVE MISCONDUCT)

WHAT HAVE WE DONE?

AHEAD OF THE CURVE, REVISED SEXUAL MISCONDUCT POLICY IN 2012

PUBLISHED A NEW SEXUAL MISCONDUCT POLICY IN FALL 2015

1ST OF ITS KIND IN TEXAS, COVERS EVERYONE/INDEPENDENT HEARING OFFICER

GROWN FROM A STAFF OF 3 TO 7 (5 ATTORNEYS NACUA CERT. IN TITLE IX)

SEXUAL ASSAULTS ARE DOWN BUT REPORTS ARE GOING UP

WHAT ARE WE DOING?

EVERY NSO/NEO WE GO OVER THE POLICIES (OVER 60000+ STUDENTS)

SALUTATIONS IS MANDATORY FOR ALL NEW STUDENTS (23000+ STUDENTS)

CHANCELLOR'S SEXUAL VIOLENCE EDUCATION AND PREVENTION TASKFORCE

CIRCLE OF 6/SALUTATIONS WEBSITE/DISCLOSURE BROCHURE/RESOURCE LINKS

SEXUAL VIOLENCE EDUCATION AND PREVENTION LIAISON/GROUP

A 3D rendered red rotary telephone is the central focus. A white, stylized human figure is holding the receiver of the phone. The background consists of horizontal red and white stripes. The text is overlaid on these stripes in white, bold, sans-serif font.

BOARD'S RESPONSIBILITY

DO NOT BE IN DENIAL — SEXUAL MISCONDUCT IS OCCURRING

KNOW THE PREMISE OF TITLE IX

KNOW WHO THE TITLE IX COORDINATOR IS — HEAR SOMETHING = PUNT!

MAKE SURE ADMINISTRATION IS AWARE OF TRENDS, REPORTS, COMPLAINTS,
SURVEYS, ETC.

PAY ATTENTION TO WHAT IS HAPPENING AT OTHER UNIVERSITIES

HOW ARE WE DIFFERENT?

WE HAVE INSTILLED A CULTURE OF REPORTING (FEW SAFE HARBORS)

WE WORK TOGETHER (EOS/PD/DOS) – OUR REFERRAL NETWORK IS STRONG

WE WORK W/ ATHLETICS (TRANSFER POLICY), FRATERNITIES/SORORITIES, RA/TA

EXPANDED COORDINATION OF TRAININGS

TITLE IX IS EVERYBODY'S RESPONSIBILITY



UNIVERSITY of **HOUSTON** | EOS



Title IX Coordinator

Dr. Richard Anthony Baker

rabaker4@uh.edu

713-743-8835

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

COMMITTEE: Audit and Compliance

ITEM: Report on Internal Audit Briefing Booklet including Audit Activity Outline/
Audit Plan Status, Internal Audit Reports

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Internal Audit Briefing Booklet contains an Internal Audit Activity Outline and Internal Audit Reports issued since the May 19, 2016, Audit & Compliance Committee Meeting of the Board of Regents. This booklet includes Activity Outline/Audit Plan Status and the Executive Summaries, Summary of Recommendations by Area, Quality Assurance Management Action Plans with risk levels ranked **High/Medium/Low**.

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

SUPPORTING DOCUMENTATION: Internal Audit Briefing Booklet

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Don Guyton **DATE** 8/8/16



CHANCELLOR Renu Khator **DATE** 8/19/16



UNIVERSITY OF HOUSTON SYSTEM

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

MEMORANDUM

TO: Board of Regents

FROM: Don F. Guyton
Chief Audit Executive

DATE: August 8, 2016

SUBJ: Internal Audit Activity - Briefing Booklet for August 25, 2016, Audit & Compliance Committee Meeting

Attached for your information is a briefing booklet describing the activities of the Internal Auditing Department since the May 19, 2016, meeting of the Audit & Compliance Committee of the Board of Regents. This booklet includes Activity Outline/Audit Plan Status and the Executive Summaries, Summary of Recommendations by Area, and Management Action Plans of the following Internal Audit Reports with risk levels ranked **High/Medium/Low**:

- [AR2016-26](#) Follow-up Status Report
- [AR2016-27](#) Construction and Other Contracts Requiring BOR Approval
- [AR2016-28](#) UH Office of Academic Affairs and Provost, Departmental Reviews
- [AR2016-29](#) UH Designated Tuition Set Aside
- [AR2016-30](#) UHCL Office of the Provost, Departmental Reviews
- [AR2016-31](#) UHS State Benefits Proportionality
- [AR2016-32](#) UHS Compliance Review – Texas Education Code, Section 51.9337

The Internal Audit Reports included in this booklet will be filed with the Governor's Office of Budget and Planning, the Legislative Budget Board, the State Auditor, and the Sunset Advisory Committee within the next 30 days, as required by the Texas Government Code, Section 2102.0091. I shall be pleased to discuss the contents of the booklet with you at the upcoming Board of Regents meetings.

Please let me know if you have any questions.

Attachment

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

BOARD OF REGENTS
AUDIT & COMPLIANCE COMMITTEE
MEETING

INTERNAL AUDIT BRIEFING
MATERIALS

August 25, 2016

**University of Houston System
Internal Auditing Department**

**Board of Regents
Audit & Compliance Committee Meeting**

Internal Audit Briefing Materials

August 25, 2016

INDEX

1. Internal Audit Activity Outline / Audit Plan Status
2. Internal Audit Report Executive Summaries
3. Summary of Recommendations by Area
4. Management Action Plans
5. Internal Audit Reports

1. Internal Audit Activity Outline / Audit Plan Status

**University of Houston System
Internal Auditing Department**

**Board of Regents
Audit & Compliance Committee Meeting**

**ACTIVITY OUTLINE
August 25, 2016**

1. Audit Reports Issued since May 19, 2016, Board of Regents Meeting:
 - AR2016-26 Follow-up Status Report
 - AR2016-27 Construction and Other Contracts Requiring BOR Approval
 - AR2016-28 UH Office of Academic Affairs and Provost, Departmental Reviews
 - AR2016-29 UH Designated Tuition Set Aside
 - AR2016-30 UHCL Office of the Provost, Departmental Reviews
 - AR2016-31 UHS State Benefits Proportionality
 - AR2016-32 UHS Compliance Review – Texas Education Code, Section 51.9337

2. Fieldwork in Progress: *(scheduled distribution date to Board of Regents)*
 - UH Center for Advanced Computing & Data Systems *(November 2016)*
 - Departmental Reviews – UH Hilton College of Hotel & Restaurant Mgmt. *(November 2016)*
 - Departmental Reviews – UH College of Education *(November 2016)*
 - Board of Regents' Travel & Entertainment, FY 2016
 - Chancellor/President's Travel & Entertainment, FY 2016

3. Planning in Progress: *(scheduled distribution date to Board of Regents)*
 - UH Center for Advanced Computing & Data Systems
 - UHS General Accounting
 - UH & UHV Student Housing
 - UH Athletics Football Attendance
 - Departmental Reviews – UH Graduate College of Social Work
 - Departmental Reviews – UHV President's Office
 - UHD Joint Admission Medical Program Grant
 - UH Endowments – College of Liberal Arts and Social Sciences
 - UH Endowments – School of the Arts
 - UH Endowments – University Advancement
 - UHS IT Audit – Cybersecurity
 - UHS IT Audit – Physical Access

4. Special Projects in Progress:
 - Assistance to Management – Various Special Projects
 - FEMA Audits – Ike
 - US Dept. of Education – UH Title IV Program Review
 - SAO Audit - UH Financial Aid

**AUDIT PLAN STATUS, FY 2016
AS OF AUGUST 8, 2016**

<u>AUDIT AREA</u>	<u>STATUS (See Note)</u>
<u>ANNUAL AUDIT ACTIVITY</u>	
Annual External Audits - Liaison	2
Annual Procurement Report	4
Athletics - Football Attendance Audit	4
Athletics - NCAA Rules-Compliance	4
Board of Regents Travel & Entertainment, FY 2016	2
Chancellor/President's Travel & Entertainment, FY 2016	2
Construction and other Contracts Requiring BOR Approval	4
Follow-up Reviews	4
Special Projects/Police Investigations	2
State Auditor's Office Liaison:	
Audit Assistance - General	2
Follow-up Reports	2
<u>ALL COMPONENTS</u>	
Benefits Proportionality	4
Contract Administration	4
Endowments - UH CLASS	1
Endowments - UH University Advancement	1
General Accounting (UH)	1
General Accounting (UHCL)	1
General Accounting (UHD)	1
General Accounting (UHV)	1
JAMP (UH)	4
JAMP (UHCL)	4
Student Housing (UH)	1
Student Housing (UHV)	1
UH Center for Advanced Computing & Data Systems, Follow-up	2
<u>INFORMATION TECHNOLOGY</u>	
Computer Assisted Auditing Techniques	2
IT - Review and Monitor IT Systems (High Priority Projects)	
TAC 202, Information Security Standards (UH)	

Notes:

- 1 Planning in progress.
- 2 Fieldwork in progress.
- 3 Reporting in progress.
- 4 Completed.

<u>AUDIT AREA</u>	<u>STATUS (See Note)</u>
<u>DEPARTMENTAL REVIEWS</u>	
Annual Non-Compliance Report	4
UH Academic Affairs/Provost	4
UH Education	2
UH Graduate College of Social Work	1
UH Hotel and Restaurant Management	2
UHCL Provost Office	4
UHD Academic & Student Affairs	
UHD University College	
UHV President's Office	1
<u>CARRYFORWARD AUDITS</u>	
Board of Regents Travel, FY 2015	4
Chancellor/President's Travel, FY 2015	4
Departmental Reviews:	
UH Administration and Finance	4
UH Optometry	4
UHCL Business	4
UHCL Human Sciences & Humanities	4
UHCL Science and Computer Engineering	4
UHV Administration and Finance	4
UHV Provost	4
UHV Enrollment Management & Student Affairs	4
External Quality Assurance Review	4
Financial Aid - Designated Tuition Set Aside (UH)	4
Formula Funding (UHD)	4
TAC 202, Information Security Standards (UHCL)	4
TAC 202, Information Security Standards (UHD)	4
TAC 202, Information Security Standards (UHV)	4

2. Internal Audit Report Executive Summaries

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

INTERNAL AUDIT REPORTS
EXECUTIVE SUMMARIES

REPORT NOS. AR2016-26 through AR2016-32

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

INTERNAL AUDIT REPORTS - EXECUTIVE SUMMARIES

Internal Audit Report – Follow-up Status Report

The Standards for the Professional Practice of Internal Auditing require internal auditors to perform follow-up procedures to ascertain that appropriate action is taken on reported audit findings. We performed such procedures for all items included in management action plans which were scheduled to be implemented April 1, 2016, to June 30, 2016, in all audit reports with open recommendations. This status report addresses 17 management actions in 10 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 8 of these management actions have been completed and 9 partially implemented.

Internal Audit Report – Construction and Other Contracts Requiring BOR Approval

The internal audit review of procurement of construction and other contracts requiring Board of Regents approval covers the time period from April 1, 2016 to June 30, 2016. For each project, we review the following: 1. the solicitation documents posted on the State Comptroller's Electronic State Business Daily, the solicitation requirements checklist, subcontracting probability form, and the HUB subcontracting compliance form to determine whether the appropriate evaluation criteria was used by the Purchasing Department/selection team evaluation members; 2. the Purchasing Department's compilation of the selection team members' rankings of RFQ / RFP for clerical accuracy and agreement of evaluation criteria to RFQ / RFP and evaluation criteria provided to selected firms in instances where RFP's were not applicable; 3. the Purchasing Department's recommendation of RFQ / RFP evaluations to the VC/VP for reasonableness; 4. the VC/VP evaluation of the Purchasing Department's recommendation of RFQ / RFP for reasonableness; 5. the invitation to bid or sole source justification form, if applicable, for reasonableness/completion. We noted no unusual items except that there was no evidence that the shortlist evaluation for UH - Wired/Wireless LAN Access Infrastructure Contract had been submitted to and approved by the VC/VP, but we determined that the evaluation process was appropriate and the end result would not have changed had the VC/VP been forwarded the recommendation. The VC/VP did approve the Purchasing Department's recommendation for the award of final contract.

Internal Audit Report – UH Office of Academic Affairs and Provost, Departmental Reviews

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed five departmental reviews in the Office of Academic Affairs and Provost. We conducted interviews, reviewed documentation, and performed other audit procedures, as necessary, in testing compliance with various policies for each compliance area. We noted no matters that we considered to be significant engagement observations. We noted that the Office of Academic Affairs and Provost was not in compliance with certain policies. Management informed us that it

would take the necessary actions in order to help prevent reoccurrences of similar instances of non-compliance with university policies.

Internal Audit Report – UH Designated Tuition Set Aside

The Internal Auditing Department conducted a review to determine whether the University of Houston has adequate internal controls in place to help ensure compliance with University policies and the Texas Education Code for setting aside, awarding, disbursing, and reporting financial assistance funded from designated tuition. In our opinion, the University of Houston did not have adequate internal controls to help ensure compliance with University policies and the Texas Education Code for setting aside, awarding, disbursing, and reporting financial assistance funded from designated tuition. We noted one matter that we considered to be a significant engagement observation: comingling of set aside funds with merit based scholarship funds and awarding set aside funds to ineligible students. We determined that from fiscal year 2013 to 2016, \$43.5 million of set aside funds had been transferred to merit based scholarship cost centers and that \$3.4 million of these funds had been awarded to students not eligible to receive set aside scholarships. Management restored \$3.4 million to the set aside cost centers from other sources and has taken necessary steps to help ensure that set aside funds will not be comingled with other scholarship funds and awarded only to eligible students.

Internal Audit Report – UHCL Office of the Provost, Departmental Reviews

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed twenty-two departmental reviews in the Office of the Provost. We conducted interviews, reviewed documentation, and performed other audit procedures, as necessary, in testing compliance with various policies for each compliance area. We noted no matters that we considered to be significant engagement observations. We noted that the Division was not in compliance with certain policies. Management agreed to implement an action plan for a certain area of non-compliance and informed us that it would take the necessary actions in order to help prevent reoccurrences of similar instances of non-compliance with university policies.

Internal Audit Report – UHS State Benefits Proportionality

The Internal Auditing Department conducted a review of the Benefits Proportional by Fund Reports (APS 011) for FY 2012 - 2014 submitted by University of Houston component universities to determine compliance with the State Comptroller's Accounting Policy Statement, Benefits Proportional by Fund. UHS component universities did not comply with all requirements of the General Appropriations Act, 84th Legislature, Article IX, Section 6.08, Benefits Paid Proportional by Fund when completing the APS 011 reports. We noted instances of non-compliance related to the following areas: financing sources and state funded benefits for unallowable compensation. Management is in the process of addressing these instances of non-compliance.

Internal Audit Report – UHS Compliance Review - Texas Education Code, Section 51.9337

The objective of our review was to determine whether the Board of Regents and the University of Houston System have adopted the rules and policies required by the Texas Education Code, Section 51.9337. We determined that the Board of Regents Policies 42.01, Compliance, and 55.01, Contracts, needed to be amended to comply with these requirements related to

compliance, contract administration and training. The amendments to these policies are on the agenda for the August 25, 2016 Board of Regents meeting. In our opinion, subject to the approval by the Board of Regents of the policy amendments, the Board of Regents and University of Houston System have adopted all rules and policies required by Texas Education Code, Section 51.9337.

3. Internal Audit Summary of Recommendations by Area

Internal Auditing Department
Internal Audit Report Recommendations - Summarized by Area
August 25, 2016

<u>REPORT NAME</u>	<u>Rpt. No.</u>	<u>Modify Policies and Procedures</u>			<u>Noncompliance with Guidelines</u>			<u>Efficiency of Resources</u>	<u>Contracts / Agreements</u>	<u>EDP / System Issues</u>			<u>Basic Internal Controls</u>				<u>Human Resources</u>			<u>Significant Engagement Observations</u>
		<u>UHS</u>	<u>Campus</u>	<u>Dept.</u>	<u>Fed./Other</u>	<u>State</u>	<u>UHS</u>			<u>Modif.</u>	<u>Security</u>	<u>Other</u>	<u>Reconcil. of Duties</u>	<u>Cash Handling</u>	<u>Safeguard Assets</u>	<u>Other</u>	<u>Job Descr.</u>	<u>Training</u>	<u>Other</u>	
Follow-up Status Report	AR2016-26																			
Construction and Other Contracts Requiring BOR Approval	AR2016-27																			
UH Office of Academic Affairs and Provost, Departmental Reviews	AR2016-28						X							X			X	X		
UH Designated Tuition Set Aside	AR2016-29		X	X		X													X	
UHCL Office of the Provost, Departmental Reviews	AR2016-30						X		X				X	X		X	X			
UHS State Benefits Proportionality	AR2016-31	X				X														
UHS Compliance Review - Texas Education Code, Section 51.9337	AR2016-32	X				X														

4. Internal Audit Management Action Plans

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

INTERNAL AUDIT REPORTS

ACTION PLANS

(Who is responsible for performing certain action by a specific date)

REPORT NOS. AR2016-26 through AR2016-32
(If Applicable)

Note: The Internal Auditing Department will perform follow-up procedures to determine whether management's actions addressing the recommendations have been implemented by the dates indicated in the management action plan. Follow-up status reports are included in the Internal Auditing Briefing Booklets for regularly scheduled Board of Regents Audit & Compliance Committee meetings.

**University of Houston System
Internal Auditing Department**

**UHCL, Office of the Provost, Departmental Reviews - AR2016-30
Action Plan**

Est. Compl. Date	Responsibility for Action Name/Title	Action To Be Taken
Risk Level: High Medium Low		
December 20, 2016	George Guillen Director Environmental Institute of Houston	Prepare and submit annual written and financial reports for the Environmental Institute of Houston to the President.

Note: Supporting documentation for actions implemented or updated management's responses for actions partially or not implemented should be furnished to the Internal Auditing Department by the estimated completion date.

**University of Houston System
Internal Auditing Department**

**UHS State Benefits Proportionality - AR2016-31
Action Plan**

Est. Compl. Date	Responsibility for Action Name/Title	Action To Be Taken
Risk Level: High Medium Low		
October 31, 2016	David Ellis Executive Director Financial Reporting	Establish standards to be used by all UHS components for state benefits proportionality processes and reporting.
October 31, 2017	David Ellis Executive Director Financial Reporting	Implement a System Administrative Memorandum for state benefits proportionality processes and reporting.
August 31, 2017	David Ellis Executive Director Financial Reporting	Work with the State Comptroller's Office to resolve overpayment and underpayment of state paid benefits.

Note: Supporting documentation for actions implemented or updated management's responses for actions partially or not implemented should be furnished to the Internal Auditing Department by the estimated completion date.

5. Internal Audit Reports

UNIVERSITY OF HOUSTON SYSTEM INTERNAL AUDITING DEPARTMENT

INTERNAL AUDIT REPORTS

- AR2016-26 Follow-up Status Report
- AR2016-27 Construction and Other Contracts Requiring BOR Approval
- AR2016-28 UH Office of Academic Affairs and Provost, Departmental Reviews
- AR2016-29 UH Designated Tuition Set Aside
- AR2016-30 UHCL Office of the Provost, Departmental Reviews
- AR2016-31 UHS State Benefits Proportionality
- AR2016-32 UHS Compliance Review – Texas Education Code, Section 51.9337

Note: These internal audit reports are submitted to the Board of Regents and the Chancellor for their review in order to comply with the Board of Regents policy and the Texas Government Code, Section 2102.008. These internal audit reports are also submitted to the Governor’s Office of Budget and Planning, the Legislative Budget Board, the State Auditor, and the Sunset Advisory Committee in order to comply with the Texas Government Code, Section 2102.0091.

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

FOLLOW-UP STATUS REPORT

Actions Scheduled from April 1, 2016 to
June 30, 2016

REPORT NO. AR2016-26

**UNIVERSITY OF HOUSTON SYSTEM
FOLLOW-UP STATUS REPORT
(Actions Scheduled from April 1, 2016, to June 30, 2016)**

**Board of Regents Audit and Compliance Committee Meeting
August 25, 2016**

Table of Contents

1. Report
2. Listing of Audit Reports Containing Management Action Plans
3. Follow-up Status Matrix

**University of Houston System
Internal Auditing Department**

**Follow-up Status Report
(Actions scheduled from April 1, 2016, to June 30, 2016)**

The Standards for the Professional Practice of Internal Auditing require internal auditors to perform follow-up procedures to ascertain that appropriate action is taken on reported audit findings. We performed such procedures for all items included in management action plans which were scheduled to be implemented April 1, 2016, to June 30, 2016, in all audit reports with open recommendations. This status report addresses 17 management actions in 10 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 8 of these management actions have been completed and 9 partially implemented.

The main portion of this report is a follow-up status matrix which lists the report number, report title, action number, total actions in each report, estimated completion date, name/title/entity responsible for action, action to be taken and status. The status of the action items included in the matrix has been categorized as either ***Action Complete or Partially Implemented***. In cases where the action item has been partially implemented, an updated management's response with an estimated completion deadline is included in the status column, where appropriate.

The "Listing of Audit Reports Containing Management Action Plans" indicates all reports where management has addressed all actions in the action plan during the current fiscal year and all reports which are addressed in this status report. All of the management action plans for internal audit reports contain a footnote indicating that documentation of implementation of actions will be furnished to the Internal Auditing Department on the same date as the estimated completion date of the action being implemented.

Don F. Guyton
Chief Audit Executive
July 12, 2016

Attachment

**UNIVERSITY OF HOUSTON SYSTEM
AUDIT REPORTS CONTAINING MANAGEMENT ACTION PLANS
FOLLOW-UP STATUS
FY 2016**

<u>Report Number</u>	<u>Report Date</u>	<u>REPORT TITLE</u>	<u>All Actions Complete</u> Final Disposition <u>Rept. No.</u>	<u>Some Actions Addressed in this Report</u>
<u>INTERNAL AUDIT REPORTS WITH OPEN RECOMMENDATIONS:</u>				
AR2010-07	11/05/09	UH CLASS, Departmental Reviews	AR 2016-01	
AR2011-24	05/18/11	UH Research Administration		X
AR2012-17	05/16/12	UH TLC?	AR 2016-01	
AR2014-05	02/26/14	UH, Division of Research, Departmental Reviews		
AR2014-15	05/07/14	UHD College of Humanities and Social Sciences, Dept. Reviews	AR 2016-13	
AR2014-16	05/07/14	UH College of Natural Sciences and Mathematics, Dept. Reviews	AR 2016-13	
AR2014-21	08/19/14	UHD College of Sciences and Technology, Departmental Reviews	AR 2016-13	
AR2014-24	08/19/14	UHD College of Business, Departmental Reviews	AR 2016-26	X
AR2014-25	08/19/14	UHD Endowments		
AR2014-28	08/19/14	UH Information Security Standards		X
AR2015-07	11/19/14	UH Student Accounting and Receivables		X
AR2015-10	02/19/15	UH CLASS, Departmental Reviews		X
AR2015-11	02/19/15	UHCL Student Accounting and Receivables		
AR2015-12	02/19/15	UH Student Affairs & Enrollment Services, Departmental Reviews	AR 2016-13	
AR2015-16	05/21/15	UHV Student Accounting and Receivables	AR 2016-19	
AR2015-17	05/21/15	UH College of Architecture, Departmental Review	AR 2016-01	
AR2015-20	05/21/15	UHD Student Accounting and Receivables		
AR2015-25	08/20/15	UH Athletics, NCAA Rules-Compliance	AR 2016-13	
AR2015-26	08/20/15	UHV Endowments		X
AR2015-27	08/20/15	UHCL Administration and Finance, Departmental Reviews		
AR2015-28	08/20/15	UH Facilities Planning and Construction		
AR2015-29	08/20/15	UH Honors College, Endowments	AR 2016-26	X
AR2015-31	08/20/15	UHS/UH Chancellor/President, Departmental Review		
AR2015-32	08/20/15	UH Athletics, Departmental Review	AR 2016-01	
AR2015-34	08/20/15	UHS Internal Assessment of Internal Auditing		
AR2016-04	11/19/15	UHV Enrollment Management and Student Affairs, Dept. Rev.		
AR2016-05	11/19/15	UHV Office of Provost, Departmental Reviews	AR 2016-13	
AR2016-08	11/19/15	UHCL School of Science and Computer Engineering, Dept. Rev.		
AR2016-15	02/18/16	UHCL School of Business, Departmental Review		X
AR2016-16	02/18/16	UH College of Optometry		
AR2016-21	05/19/16	UH Division of Administration and Finance, Dept. Rev.		
AR2016-24	05/19/16	UHCL Information Security Standards		
AR2016-25	05/19/16	UHV Information Security Standards		
<u>EXTERNAL AUDIT REPORTS WITH OPEN RECOMMENDATIONS:</u>				
SAO Report #15-313	02/21/15	Federal Portion of Statewide Single Audit, FY 2014	AR 2016-13	
EM2016	02/19/16	Emergency Management / Safety & Security Audit		X
SAO Report #16-317	02/21/16	Federal Portion of Statewide Single Audit, FY 2015		X

**University of Houston System
Internal Auditing Department**

**Follow-up Report
as of June 30, 2016**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
Risk Level: High Medium Low								
AR2011-24	Research Administration	3d	6	4/1/2016	Mike Glisson Controller Administration & Finance	UH	Implement comprehensive accounts receivable billing, accounting, collecting, and monitoring procedures to help ensure the accuracy of accounts receivable relating to non-federal sponsors and to facilitate the collection of money owed to the university	Partially Implemented – Updated Management’s Response: The PeopleSoft modules to improve the grants billing process are in the process of being tested to ensure proper performance and functionality with the existing PeopleSoft modules. Estimated Completion Date: August 31, 2017.
AR2014-24	College of Business, Departmental Reviews	5b	9	4/30/2016	Jason Gregory College Business Administrator II	UHD	Submit requests to the appropriate office to close inactive cost centers. (Dean's Office)	Action Complete
AR2014-28	Information Security Standards	3c	3	4/1/2016	Kirstin Rochford, Director Research Policies, Compliance and Committees Mary Ann Ottinger Associate Vice Chancellor / Associate Vice President Research	UH	Implement guidelines associated with management of data generated during a research project and develop a university-wide policy.	Partially Implemented – Updated Management’s Response: The guidelines have been completed. The draft policy has been reviewed by a RSC subcommittee and IT Security and is currently in the process of being finalized based on their feedback for review by the RSC committee. Estimated Completion Date: November 30, 2016.
AR2015-07	Student Accounting and Receivables	4	7	6/30/2016	Katina McGhee Campus Solutions Executive Director	UH	Work with UHS Campus Solutions System business owners to review and revise access roles.	Partially Implemented – Updated Management’s Response: Access roles have been reviewed, revised, and implemented for UHS Student Records and Student Financial business owners. We are still in the process of reviewing, revising, and implementing new access roles for the remaining business owners. Estimated Completion Date: December 31, 2017.
AR2015-10	College of Liberal Arts and Social Sciences Departmental Reviews	21a	51	4/1/2016	Helen Meza Business Department Administrator Center for Mexican American Studies	UH	Work with Academic Affairs to prepare a written agreement for the Center.	Partially Implemented - Updated Management’s Response: The Center has a new Director and is reviewing the documents needed to establish the Center. Estimated Completion Date: November 30, 2016.

**University of Houston System
Internal Auditing Department**

**Follow-up Report
as of June 30, 2016**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
Risk Level: High Medium Low								
AR2015-10	College of Liberal Arts and Social Sciences, Departmental Reviews	25b	51	4/1/2016	Micki Miles Executive Director College Business Operations Dean's Office	UH	Restore deficit budgetary grant cost center balance to a zero or a positive amount.	<i>Action Complete</i>
AR2015-10	College of Liberal Arts and Social Sciences Departmental Reviews	35a	51	4/1/2016	Randi Betts Department Business Administrator Human Health Performace	UH	Work with the appropriate office to deactivate expired grant cost centers.	<i>Partially Implemented - Updated Management's Response:</i> The department inactivated two of the five expired grants. The department is working with Beverly Rymer, Director of Contracts and Grants, to close-out the other three grants. Estimated Completion Date: November 30, 2016.
AR2015-10	College of Liberal Arts and Social Sciences Departmental Reviews	36a	51	4/1/2016	Norma Quinones Department Business Administrator Hispanic Studies	UH	Work with Academic Affairs to prepare a written agreement for the Center.	<i>Partially Implemented - Updated Management's Response:</i> The Dean is currently working with the Chair of the Committee on Academic Centers and Institutes to reclassify the Language and Acquisition Center as a Campus Support Center. Estimated Completion Date: December 31, 2016.
AR2015-10	College of Liberal Arts and Social Sciences Departmental Reviews	37a	51	4/1/2016	Norma Quinones Department Business Administrator Hispanic Studies	UH	Require the Center to prepare and submit annual reports.	<i>Partially Implemented - Updated Management's Response:</i> The Dean is currently working with the Chair of the Committee on Academic Centers and Institutes to reclassify the Language and Acquisition Center as a Campus Support Center. Estimated Completion Date: December 31, 2016.
AR2015-26	Endowments	3a	3	6/30/2016	Jesse Pisors Vice President Advancement and External Relations	UHV	Review endowment agreements and update the terms of endowment agreements or prepare memorandums of understanding.	<i>Partially Implemented – Updated Management's Response:</i> The Office of University Advancement at UHV has made progress on this item, and is still attempting to reach donors and/or reach agreements with them as part of completing this item. Estimated Completion Date: October 31, 2016.
AR2015-29	Honors College, Endowments	1	1	8/31/2016	Ornela Santee College Business Administrator	UH	Work with the donor and University Advancement to update the terms of the agreement or reimburse the endowment, as appropriate.	<i>Action Complete</i>
AR2016-15	School of Business, Departmental Review	1	2	5/31/2016	Wm. Theodore Cummings Dean School of Business	UHCL	Prepare and submit annual financial reports for the Center for Executive Education.	<i>Action Complete</i>

**University of Houston System
Internal Auditing Department**

**Follow-up Report
as of June 30, 2016**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
Risk Level: High Medium Low								
AR2016-15	School of Business, Departmental Review	2	2	5/31/2016	Edward Altemus Senior Business Coordinator School of Business	UHCL	Submit a request to the appropriate office to close the inactive cost center.	<i>Partially Implemented - Updated Management's Response:</i> The cost center has a current year expenditures and budget, and cannot be closed until the end of the fiscal year. At the beginning of fiscal year 2017, base and current budget nodes will both have zero balances. Estimated Completion Date: October 31, 2016.
EM 2016	Emergency Management/Safety and Security Audit	1	35	8/31/2016	Kelly Boysen Director of Emergency Management	UH	Develop a Multiyear Training and Exercise Plan for Business Continuity utilizing HSEEP guiding principles and the progressive approach.	<i>Action Complete</i>
EM 2016	Emergency Management/Safety and Security Audit	7	35	5/30/2016	Al Black Emergency Management and Fire Safety Director	UHCL	Develop the opt-out procedure for students, faculty, and staff to elect not to participate in the University's emergency alert system.	<i>Action Complete</i>
EM 2016	Emergency Management/Safety and Security Audit	24	35	6/30/2016	Stuart Sherman Safety-Risk Manager- Emergency Coordinator	UHV	Ensure Continuity Coordinator is trained in the appropriate courses.	<i>Action Complete</i>
SAO 16-317	Federal Portion of the Statewide Single Audit Report for FY 2015	1	1	6/30/2016	Scott Moore, Operations Director, OSFA	UH	Modify written procedures to help ensure that Pell Grants are accurately calculated for non-standard enrollment periods.	<i>Action Complete</i>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

CONSTRUCTION AND OTHER CONTRACTS REQUIRING BOARD OF REGENTS APPROVAL

Activity from April 1, 2016 to
June 30, 2016

REPORT NO. AR2016-27

University of Houston System
Internal Auditing Department
Construction and Other Contracts Requiring Board of Regents Approval
April 1, 2016 through June 30, 2016

Background: UHS procures construction services under the provisions of the Texas Education Code, Sections 51.778 – 51.785. These statutes address the following construction contract methods: Design-Build, Construction Manager-Agent, Construction Manager-At-Risk, Construction Services through Competitive Sealed Proposals and Job Order Contracts. The UHS Facilities, Planning and Construction Department and the Purchasing Department have developed policies and procedures to help ensure compliance with these statutes. For major construction projects, UHS primarily uses the Design-Build and Construction Manager-At-Risk contract methods. The Internal Auditing Department reviews the construction RFQ / RFP evaluation process on an ongoing basis. The Internal Audit Department also reviews the procurement process for other contracts requiring Board of Regents approval (RFQ/RFP, Invitation to Bid, and Sole Source).

Objective: The objectives of this review were to determine whether UHS was complying with its policies and procedures and the Texas Education Code in selecting its contractors for its major construction projects and other contracts requiring Board of Regents approval.

Scope of Work: The internal audit review of procurement of construction and other contracts requiring Board of Regents approval covered the time period from April 1, 2016 through June 30, 2016.

Audit Procedures: For each solicitation we review the following:

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

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

Conclusion: We noted no unusual items except that there was no evidence that the shortlist evaluation for UH - Wired/Wireless LAN Access Infrastructure Contract had been submitted to and approved by the VC/VP, but we determined that the evaluation process was appropriate and the end result would not have changed had the VC/VP been forwarded the recommendation. The VC/VP did approve the Purchasing Department's recommendation for the award of the final contract.

Don F. Guyton
Chief Audit Executive
July 7, 2016

UHS Construction and Other Contracts Requiring Board of Regents Approval
Internal Audit Activity
April 1, 2016 to June 30, 2016

Project or Contract Description	Solicitation Type	(\$ Millions) Amount	BOR Approval		Internal Audit Review	
			FCMP Comm. (Scope) Date	F&A Comm. (Financing) Date	Initiated	Completed
Construction Projects \$10 Million and Over						
UH - Multi-Disciplinary Research & Engineering Lab Build-Out - CMAR	RFQ/RFP	49.5	11/19/2015	11/19/2015		
UH - Multi-Disciplinary Research & Engineering Lab Build-Out - AE	RFQ	4.0	11/19/2015	11/19/2015		
UHCL - Pearland Health Sciences and Classroom Bldg - CMAR	RFQ/RFP	20.0	11/19/2015	11/19/2015	✓	✓
UHCL - Pearland Health Sciences and Classroom Bldg - AE	RFQ	1.7	11/19/2015	11/19/2015	✓	✓
UHCL - Pearland Health Sciences and Classroom Bldg - FE	ITB	1.0	11/19/2015	11/19/2015		
UHCL - Recreation and Wellness Center - FE	ITB	1.6	11/19/2015	11/19/2015		
UH Sugar Land - Academic Classroom Building - CMAR	RFQ/RFP	43.2	2/18/2016	2/18/2016	✓	
UH Sugar Land - Academic Classroom Building - AE	RFQ	3.4	2/18/2016	2/18/2016	✓	✓
UH Sugar Land - Academic Classroom Building - FE	ITB	2.2	2/18/2016	2/18/2016		
UHV - Student Center and Learning Commons - CMAR	RFQ/RFP	26.3	11/19/2015	11/19/2015	✓	✓
UHV - Student Center and Learning Commons - FE	ITB	1.3	11/19/2015	11/19/2015		
UHV - Sophomore Student Housing - CMAR	RFP	19.0	8/20/2015	8/20/2015		
UHV - Sophomore Student Housing - AE	RFQ	1.7	8/20/2015	8/20/2015		
UHV - STEM Building - CMAR	RFQ/RFP	22.0	2/18/2016	5/19/2016		
UHV - STEM Building - AE	RFQ	1.6	2/18/2016	5/19/2016		
UHV - STEM Building - FE	ITB	1.0	2/18/2016	5/19/2016		
UH - Quadrangle Housing Replacement - CMAR	RFQ	64.0	N/A	5/19/2016		
UH - Quadrangle Housing Replacement - AE	RFP	2.5	N/A	5/19/2016		
UH - Quadrangle Housing Replacement - FE	ITB	4.8	N/A	5/19/2016		
UH - Football Indoor Practice Facility - AE	RFQ	1.6	5/19/2016	2/18/2016	✓	✓
UH - Football Indoor Practice Facility - CMAR	RFP	16.0	5/19/2016	8/25/2016	✓	✓
UHD - Science and Technology Building - CMAR	RFQ	54.4	8/25/2016	8/25/2016	✓	
UHD - Science and Technology Building - AE	RFQ	4.3	8/25/2016	8/25/2016		
UHD - Science and Technology Building - FE	ITB	2.7	8/25/2016	8/25/2016		
UH - Old Science Building - CMAR	RFP	12.0	N/A	8/25/2016		
UH - Old Science Building - AE	RFQ	1.2	N/A	8/25/2016		
UHS - Katy Academic Building - CMAR	RFP	26.4	8/25/2016	8/25/2016		
UHS - Katy Academic Building - AE	RFQ	2.5	8/25/2016	8/25/2016		
UHS - Katy Academic Building - FE	ITB	1.6	8/25/2016	8/25/2016		
UHCL - Student Housing - CMAR	RFP	17.0	8/25/2016	8/25/2016		
UHCL - Student Housing - AE	RFQ	1.5	8/25/2016	8/25/2016		
Construction Projects Over \$1 Million and Under \$10 Million						
UH - Repairs to Cullen Fountain	RFP	1.9	N/A	2/18/2016		
UH - Indoor Air Quality Control Update to Architecture Building	RFP	1.2	N/A	2/18/2016		
UH - Agnes Arnold Hall Sprinklers	RFP	1.8	N/A	2/18/2016		
UHV - Build-Out of University North Shell Space	RFP	6.0	N/A	2/18/2016		
UH - Repairs to SERC Building	RFP	9.0	N/A	2/18/2016		
UH - On-Call Electrical Repair Services	RFP	1.5	N/A	5/19/2016		
UH - On-Call Roof Repairs Services	RFP	1.0	N/A	5/19/2016		
UH - Gravel to Asphalt Parking Lot Upgrade	RFP	2.5	N/A	5/19/2016	✓	✓
UH - E. Cullen Fire Sprinklers	RFP	2.0	N/A	5/19/2016		
UH - Mechanical, Electrical, and Plumbing (MEP) Engineering Design Services - (3 contracts)	RFQ	4.5	N/A	8/25/2016		
UH - Design Services for Repairs to Science and Engineering Research Center	RFQ	1.1	N/A	8/25/2016		
UH - Health & Biomedical Sciences II - Furniture - (2 contracts)	ITB	3.0	N/A	8/25/2016		
Non-Construction Contracts Over \$1 Million						
UHS - Property, Directors & Officers / Employment Practices / Educators Legal Liability and Automobile Insurance	SS	6.0	N/A	2/18/2016		
UH - Energy Policy Act Coordinator 179D Tax Credit (Revenue)	RFP	10.0	N/A	5/19/2016		
UH - Copier Contract(s)	RFP	7.5	N/A	5/19/2016	✓	✓
UH - Wired/Wireless LAN Access Infrastructure Contract (Note (A))	RFP	7.5	N/A	5/19/2016	✓	✓
UH - Custodial Services Contract	RFP	19.0	N/A	5/19/2016	✓	✓
UH - Athletic Department Event Management Operations	RFP	5.0	N/A	5/19/2016	✓	✓
UHCL - Advertising and Marketing Communication Services	RFP	4.5	N/A	8/25/2016	✓	✓
UH - Research Compliance Software Implementation	RFP	1.1	N/A	8/25/2016		
UH - NPR Programming Fees	SS	1.3	N/A	8/25/2016		
UH - PBS Programming Fees	SS	2.2	N/A	8/25/2016		

Notes

ITB - Invitation to Bid

CMAR - Construction Manager at Risk

AE - Architectural and Engineering Services (RFQ only)

SS - Sole Source

✓ - Initiated or Completed audit procedures, as specified in report.

DB - Design Build

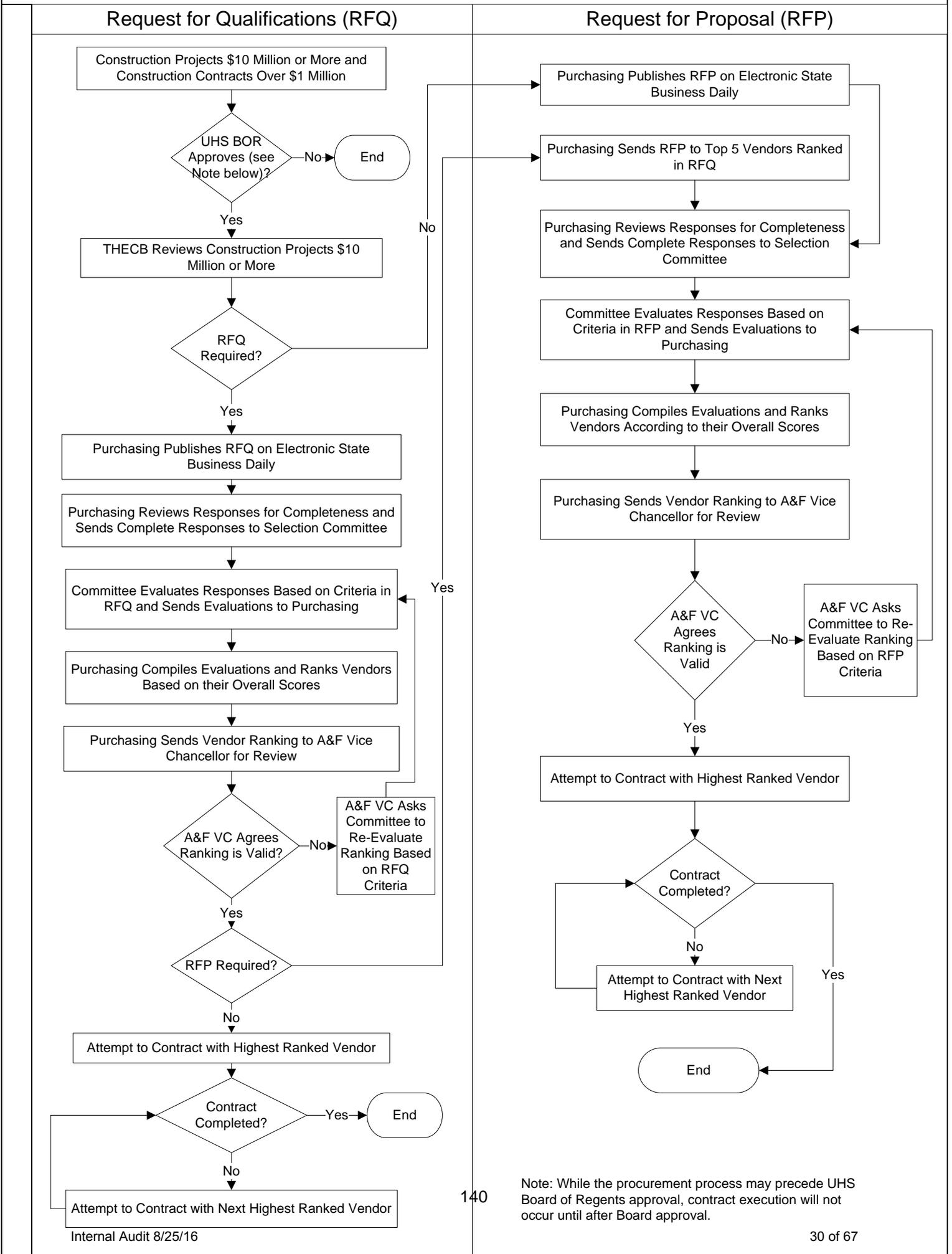
RFP - Request for Proposal

RFQ - Request for Qualifications

FE - Furnishings and Equipment

(A) - Compliance Issue - See Report

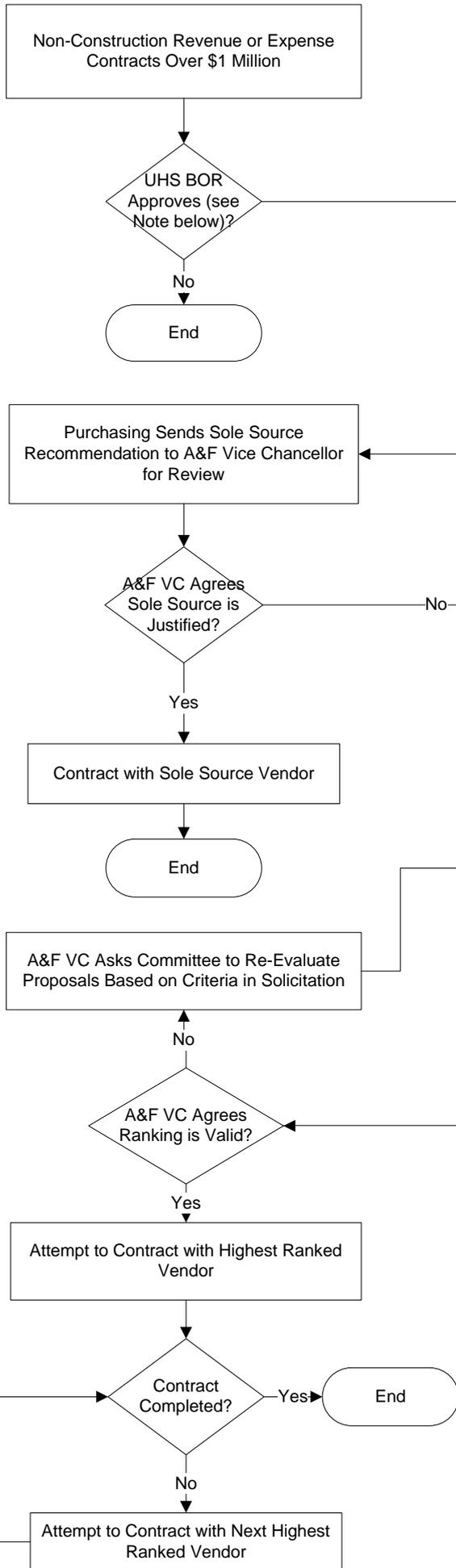
University of Houston System Construction Projects \$10 Million or More and Construction Contracts Over \$1 Million



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

Approval Process

Procurement Process



Yes

Yes

No

No

Yes

No

Yes

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

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

OFFICE OF ACADEMIC AFFAIRS AND
PROVOST, DEPARTMENTAL REVIEWS

REPORT NO. AR2016-28

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON
OFFICE OF ACADEMIC AFFAIRS AND PROVOST
DEPARTMENTAL REVIEWS**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed five departmental reviews in the Office of Academic Affairs and Provost. We conducted interviews, reviewed documentation, and performed other audit procedures, as necessary, in testing compliance with various policies for each compliance area. We noted no matters that we considered to be significant engagement observations. We noted that the Office of Academic Affairs and Provost was not in compliance with certain policies. Management informed us that it would take the necessary actions in order to help prevent reoccurrences of similar instances of non-compliance with university policies.

The attachments listed below contain additional information related to the departmental review and the Office:

- Compliance Matrix
- Instances of Non-Compliance
- Background
- Financial Summary

Don F. Guyton
Chief Audit Executive
April 24, 2016

**University of Houston System
Internal Auditing Department**

**University of Houston
Office of Academic Affairs and Provost
Departmental Reviews**

COMPLIANCE MATRIX					
Compliance Area	Academic Affairs	Continuing Education	Exploratory Studies	Faculty Senate	Shared Services
Management Oversight	✓	✓	✓	✓	✓
Policies, Procedures, Required Training, And Reporting	(2)	(1)	✓	✓	✓
Cost Center Management	(1)	✓	(1)	(1)	✓
Payroll	(1)	(2)	✓	(1)	✓
Human Resources	✓	(1)	✓	✓	(1)
Change Funds And Cash Receipts	N/A	✓	✓	✓	✓
Procurement And Travel Cards	(1)	✓	✓	(1)	✓
Departmental Expenses	✓	✓	✓	✓	(1)
Contract Administration	✓	✓	✓	✓	✓
Property Management	✓	✓	✓	✓	✓
Scholarships	N/A	N/A	✓	✓	✓
Research	✓	N/A	N/A	N/A	N/A

- ✓ Fully Complies
- ⊖ Opportunity for Improvement
- () Number of action items required to address non-compliance
- N/A Not Applicable

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON
OFFICE OF ACADEMIC AFFAIRS AND PROVOST
DEPARTMENTAL REVIEWS
INSTANCES OF NON-COMPLIANCE**

We brought the following instances of non-compliance to management's attention in order that it could take appropriate action. Management informed us that it would take the necessary actions in order to help prevent reoccurrences of similar instances of non-compliance with university policies.

ACADEMIC AFFAIRS

Policies, Procedures, Required Training and Reporting

- Required training was not completed by all employees.
- Disclosure forms were not completed by all required employees.

Cost Center Management

- An inactive cost center was not deactivated.

Payroll

- Payroll suspense items were not cleared timely.

Procurement and Travel Cards

- A procurement card and travel card contained liability account balances at fiscal year-end.

CONTINUING EDUCATION

Policies, Procedures, Required Training and Reporting

- Required training was not completed by all employees.

Payroll

- Hours worked by a non-exempt employee were not approved timely.
- Payroll suspense items were not cleared timely.

Human Resources

- Termination Checklists were not completed for three employees.

EXPLORATORY STUDIES

Cost Center Management

- An inactive cost center was not deactivated.

FACULTY SENATE

Cost Center Management

- Inactive cost centers were not deactivated.

Payroll

- Hours worked by a non-exempt employee were not approved timely.

Procurement and Travel Cards

- A travel card contained a liability account balance at fiscal year-end.

SHARED SERVICES

Human Resources

- A terminating ePAR was not completed timely.

Departmental Expenses

- A Travel Request Form was not approved timely.

**University of Houston System
Internal Auditing Department**

**University of Houston
Office of Academic Affairs and Provost
Background Information**

Background provided by the Office of Academic Affairs and Provost:

Departments within the Division of Academic Affairs include: Office of the Provost, Exploratory Studies, Faculty Senate, Continuing Education, UH Off-Campus Support, Education Technology & Outreach, Policy & Planning, International Student & Scholar Services, Undergraduate Student Success Center, Undergraduate Student Success, Learning Support Services, Educational Testing Services, Measurement & Evaluation, the Writing Center, International Studies, the Graduate School, Faculty Affairs, Undergraduate Academic Affairs, Education Technology & Outreach Administration, Faculty Development, Online Functional Support, UH Energy, Global Strategies and Studies, Academic Affairs Finance & Administration, Transfer Advising Program, Pre-Health Advising, Strategic Enrollment Planning, Academic Programs, UH Sugar Land, and Cinco Ranch.

The Office of the Provost provides oversight, guidance, and support for:

- Academic policies and procedures
- Faculty appointments
- Promotion and tenure
- Learning support and instructional delivery support to faculty (online and classroom)
- Student recruitment and retention
- Undergraduate student success
- Online student services
- International education
- Institutional research
- Quality academic access for southwest Houston region
- College business operations (financial/administrative)

Budget/Financial Summary:

During fiscal year 2016, with a staff of 318 FTE, the Office of Academic Affairs and Provost administered 461 cost centers with a current operating budget of \$67,701,826.

The following table presents the fund balance reconciliation for the Office of Academic Affairs and Provost for FY 2015:

Beginning Fund Balance (9/1/2014)	\$ 24,812,542
Revenues	10,043,387
Expenditures	(34,442,973)
Transfers/Other	12,877,342
Ending Balance (8/31/2015)	<u>\$ 13,290,298</u>

UNIVERSITY OF HOUSTON
OFFICE OF ACADEMIC AFFAIRS AND PROVOST
SUMMARY OF REVENUES AND EXPENDITURES

<u>Account</u>	<u>Description</u>	<u>FY 2015</u>	<u>FY 2014</u>
<u>Revenue</u>			
43500	Endowment Income Distribution	\$ (2,303,471)	\$ (2,204,546)
41600	Federal Grants and Contracts	(256,414)	(376,763)
41951	Federal Pass Through Grants-State	(182,954)	0
40702-40821; 55512-55655	Other Fees	(1,617,710)	(923,333)
44798-44799	Other Revenue Sources	(65,493)	(66,405)
42902-42908; 43103	Private Gifts, Grants and Cont	(1,194,575)	(104,485)
43600-43626; 43639-43916	Sales & Services - E & G	(4,341,068)	(4,445,694)
42201	State Grants & Contracts	(86,375)	(299,979)
42401	State Pass Through-Other State Agencies	4,673	(55,676)
<u>Total Revenue</u>		<u>\$ (10,043,387)</u>	<u>\$ (8,476,881)</u>
<u>Cost of Goods Sold</u>			
50010-50057	Cost of Goods Sold	\$ (21,474)	\$ (43,763)
Total Cost of Goods Sold		<u>\$ (21,474)</u>	<u>\$ (43,763)</u>
<u>Payroll</u>			
50110-50213	Salaries & Wages	\$ 14,258,040	\$ 12,713,037
51102-51127	Fringe Benefits	2,144,508	1,746,143
Total Payroll		<u>\$ 16,402,548</u>	<u>\$ 14,459,180</u>
<u>M & O</u>			
52400-52405	Academic Service	\$ 950,702	\$ 959,632
53100-53303	Advertising Promotion & Public	639,982	419,232
52800-52817	Communication & Transportation	435,076	429,466
54202-54230	Construction Expenses	8,562	38,588
53854-53866	Contracting of Services	708,000	729,577
56502-56504	Contracts & Grants	80,383	31,909
54901-54913	Employee Expenses	170,603	127,847
54300-54302	Facilities & Ground Supplies	38,786	52,718
5300-55302	Financial Aid	5,560,947	333,551
54701-54749	Financial Tax & License Cost	1,476,620	1,481,769
52200-52300	General Services	978,753	913,513
53900-53950	General Supplies	476,903	392,394
54101	Health & Clinical Supplies	0	308
54002	Lab Research Supplies	1,272	1,386
54550-54651	Legal Services	4,850	2,375
53631	Maintenance Expense	7,665	0
54470-54473	Misc Supplies & Material	18,892	9,680
54802-54899	Other Recurring Expenses	518,970	235,250
54350-54368	Parts & Furnishing	575,219	646,142
53800-53803	Pass Through	(289)	0
52500-52510	Printing, Copying, & Reproduction	161,566	89,542
52115-52117	Professional Services	971,555	1,014,900
53500-53528	Rental Lease & Royalties	2,453,353	2,055,827
53700-53706	Routine Repair	443,696	273,829
55101-55108	Special Program & Events	770,594	287,148
56000-56137	Travel	178,247	127,732
52600-52607	Utilities and Sanitation	344,328	444,329
Total M&O		<u>\$ 17,975,235</u>	<u>\$ 11,098,644</u>
<u>Capital Outlay</u>			
58000-58999	Capital Outlay	\$ 86,664	\$ 240,591
Total Capital Outlay		<u>\$ 86,664</u>	<u>\$ 240,591</u>
		148	
Total Cost of Goods Sold, Payroll, M&O and Capital Outlay		<u>\$ 34,442,973</u>	<u>\$ 25,754,652</u>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON DESIGNATED TUITION SET ASIDE

REPORT NO. AR2016-29

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON
DESIGNATED TUITION SET ASIDE**

BACKGROUND:

We performed a review of the designated tuition set aside at the University of Houston. Chapter 56 of the Texas Education Code requires a portion of tuition charged to resident undergraduate and graduate students to be set aside to provide financial assistance for resident undergraduate and graduate students enrolled in the institution. To be eligible for this assistance, a student must establish financial need in accordance with rules and procedures established by the Texas Higher Education Coordinating Board (THECB). Priority shall be given to students who meet the coordinating board definition of financial need and whose cost for tuition and required fees is not met through other non-loan financial assistance programs.

The amounts of designated tuition set aside for scholarships for resident students with need for fiscal years 2013, 2014, and 2015 were \$13.3 million, \$16.0 million, and \$22.2 million, respectively.

OBJECTIVE:

The objective of the audit was to determine whether the University of Houston has adequate internal controls in place to help ensure compliance with University policies and the Texas Education Code for setting aside, awarding, disbursing, and reporting financial assistance funded from designated tuition.

SCOPE OF WORK:

We interviewed personnel responsible for the calculation of designated tuition set aside, allocating set aside funds, and awarding and disbursing set aside funds, reviewed policies and procedures for designated tuition set aside, and performed other audit procedures, as appropriate.

CONCLUSION:

In our opinion, the University of Houston did not have adequate internal controls to help ensure compliance with University policies and the Texas Education Code for setting aside, awarding, disbursing, and reporting financial assistance funded from designated tuition. We noted one matter that we considered to be a significant engagement observation: comingling of set aside funds with merit based scholarship funds and awarding set aside funds to ineligible students. We determined that from fiscal year 2013 to 2016, \$43.5 million of set aside funds had been transferred to merit based scholarship cost centers and that \$3.4 million of these funds had been awarded to students not eligible to receive set aside scholarships. Management restored \$3.4 million to the

set aside cost centers from other sources and has taken necessary steps to help ensure that set aside funds will not be comingled with other scholarship funds and awarded only to eligible students.

Appendix A lists the area where there is a significant engagement observation, including action taken by management.

Don F. Guyton
Chief Audit Executive
August 3, 2016

APPENDIX A

SIGNIFICANT ENGAGEMENT OBSERVATION

Comingling of Set Aside Funds and Awarding to Ineligible Students

In 2013, the Pappas Consulting Group, Inc. was engaged to perform a study and create a functionally aligned organizational structure for the Office of the Senior Vice Chancellor for Academic Affairs/Senior Vice President for Academic Affairs and Provost. As a result of this study, responsibility for Enrollment Services functions was transferred from the Office of Academic Affairs and Provost to the Vice President for Student Affairs and Enrollment Services and a new position, Associate Provost for Strategic Enrollment Planning, was created within the Office of Academic Affairs and Provost.

A Memorandum of Understanding (MOU) was signed by the Senior Vice Chancellor for Academic Affairs/Senior Vice President for Academic Affairs and Provost and the Vice Chancellor for Student Affairs and Enrollment Services/Vice President for Student Affairs and Enrollment Services in June of 2014 to outline the roles and responsibilities for Strategic Enrollment Planning in the Office of Academic Affairs and Provost and Enrollment Services in the Division of Student Affairs and Enrollment Services to align with the University's primary strategic goal of student success. The MOU was in effect for the 2014-2015 Academic Year. The MOU has not been updated or renewed. The MOU specified that the Office of Strategic Enrollment Planning was given the responsibility for "maintaining an up-to-date working knowledge of Texas Student Assistance regulations and provide guidance to University personnel on matters of student budgets, Texas Grant eligibility as well as use of Set Aside funds." The Office of Enrollment Services was given the responsibility for ensuring "compliance with all Federal and University regulations regarding Financial Aid budgets and awarding including fulfillment of all audit requirements."

Texas Education Code requires funds from resident undergraduate and graduate designated tuition to be set aside to provide financial assistance for resident undergraduate and graduate students who establish financial need and whose cost for tuition and required fees is not met through other non-loan financial assistance programs in accordance with the rules and procedures established by the THECB. The THECB definition of need aligns with the United States Department of Education's federal methodology for calculating need.

Beginning in fiscal year 2013 and through fiscal year 2016, merit based scholarships (e.g. Tier One, Academic Excellence, and National Merit) were over awarded to students which created deficit balances within those scholarship cost centers. To compensate for the deficit balances, set aside funds were transferred to the merit based scholarship cost centers, with less restrictive eligibility requirements, causing set aside funds to be comingled with merit based scholarship funds. However, prior to the transfers, the Director of Enrollment Management Business Services did not appropriately review the transfer of funds for compliance with all regulations, including set aside fund restrictions. From fiscal year 2013 to 2016, \$43.5 million of set aside funds were transferred to merit based scholarship cost centers. Below is a table representing the amounts transferred from set aside funds to merit based scholarship cost centers to fund over awarding each fiscal year.

Set Aside Funds Transferred	
Fiscal Year	Amount
2013	\$5,680,000
2014	\$10,333,529
2015	\$15,517,065
2016	\$12,001,000
Total	\$43,531,594

In addition, The Office of Scholarships and Financial Aid, within the Division of Student Affairs and Enrollment Services, did not review eligibility for the students that were awarded the set aside funds transferred to the merit based scholarship cost centers. Based on set aside funds allocated and funds available for the merit based scholarship cost centers, a review was performed to determine the amount of set aside funds that were used to fund set aside ineligible students during fiscal years 2013 to 2016. As a result, we determined \$3,389,967 was awarded to students who did not meet the Texas Education Code requirement for set aside funds from fiscal years 2013 to 2016. Below is a table representing the amount of set aside funds used for ineligible students.

Set Aside Funds Used to Fund Ineligible Students	
Fiscal Year	Amount
2013	(\$3,561,141)
2014	\$2,353,828
2015	\$3,280,967
2016	\$1,316,313
Net Total	\$3,389,967

Action Taken by Management: After learning of the issues regarding the comingling of set aside funds and awarding to ineligible students, the Division of Student Affairs and Enrollment Services and the Associate Provost for Strategic Enrollment Planning took action to prevent further instances of non-compliance. The Vice Chancellor/Vice President for Student Affairs and Enrollment Services issued a directive, effective immediately, that no restricted funds be transferred to non-restricted fund cost centers and the Associate Provost for Strategic Enrollment Planning stopped awarding scholarships from the comingled funds. In August 2016, the MOU outlining the responsibilities for the Office of Strategic Enrollment Planning and the Office of Enrollment Services was updated and renewed to further clarify roles and responsibilities, including requiring the Office of Enrollment Services to ensure compliance with all federal and state regulations, University policies, and other funding source restrictions. In addition, \$3,389,967 was restored to the set aside cost centers and item types were created to monitor fund sources used to disburse awards to students. The Office of Scholarships and Financial Aid has modified its procedures to include requirements to monitor student eligibility and compliance with fund restrictions. These procedures require students receiving set aside funds to complete a Free Application for Federal Student Aid (FAFSA) to determine financial need and residency status. The completion of the FAFSA will allow the University to better match student financial need eligibility for set aside funds.

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON-CLEAR LAKE

OFFICE OF THE PROVOST, DEPARTMENTAL REVIEWS

REPORT NO. AR2016-30

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON-CLEAR LAKE
OFFICE OF THE PROVOST
DEPARTMENTAL REVIEWS**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed twenty-two departmental reviews in the Office of the Provost. We conducted interviews, reviewed documentation, and performed other audit procedures, as necessary, in testing compliance with various policies for each compliance area. We noted no matters that we considered to be significant engagement observations. We noted that the Division was not in compliance with certain policies. Management agreed to implement an action plan for a certain area of non-compliance and informed us that it would take the necessary actions in order to help prevent reoccurrences of similar instances of non-compliance with university policies.

The attachments listed below contain additional information related to the departmental reviews and the Division:

- Compliance Matrix
- Action Plan
- Instances of Non-Compliance
- Background
- Financial Summary

Don F. Guyton
Chief Audit Executive
July 14, 2016

**University of Houston System
Internal Auditing Department**

**University of Houston-Clear Lake
Office of the Provost
Departmental Reviews**

COMPLIANCE MATRIX				
Compliance Area	Pearland Campus Operations	Library and Pearland Campus Library	Computing and Pearland Campus University Computing and Telecommunications	Office of Sponsored Programs
Management Oversight	✓	✓	✓	✓
Policies, Procedures, Required Training, And Reporting	✓	✓	✓	✓
Cost Center Management	✓	✓	✓	✓
Payroll	✓	(1)	✓	✓
Human Resources	✓	(1)	✓	✓
Change Funds And Cash Receipts	N/A	✓	✓	✓
Procurement And Travel Cards	✓	✓	✓	N/A
Departmental Expenses	✓	✓	(1)	(2)
Contract Administration	N/A	✓	✓	✓
Property Management	✓	✓	✓	✓
Scholarships	N/A	N/A	N/A	N/A
Research	N/A	N/A	N/A	N/A

- ✓ **Fully Complies**
- ⊖ **Opportunity for Improvement**
- () **Number of action items required to address non-compliance**
- N/A **Not Applicable**

**University of Houston System
Internal Auditing Department**

**University of Houston-Clear Lake
Office of the Provost
Departmental Reviews**

COMPLIANCE MATRIX				
Compliance Area	Provost Office and Academic Affairs	Testing Center and University Academic Advising	Office of Admissions and Pearland Campus Admissions	Distance Education and Academic Transfer Advising
Management Oversight	✓	✓	✓	✓
Policies, Procedures, Required Training, And Reporting	✓	✓	✓	✓
Cost Center Management	✓	✓	✓	✓
Payroll	✓	✓	✓	✓
Human Resources	(2)	✓	✓	✓
Change Funds And Cash Receipts	✓	✓	✓	N/A
Procurement And Travel Cards	✓	N/A	✓	✓
Departmental Expenses	(1)	✓	✓	✓
Contract Administration	✓	✓	✓	✓
Property Management	✓	✓	✓	✓
Scholarships	N/A	N/A	N/A	N/A
Research	N/A	N/A	N/A	N/A

- ✓ **Fully Complies**
- ⊖ **Opportunity for Improvement**
- () **Number of action items required to address non-compliance**
- N/A **Not Applicable**

**University of Houston System
Internal Auditing Department**

**University of Houston-Clear Lake
Office of the Provost
Departmental Reviews**

COMPLIANCE MATRIX				
Compliance Area	Financial Aid and Academic Records	Pearland Campus Student Services and Pearland Campus Dean of Students	Student Services	Career and Counseling and Pearland Campus Career and Counseling
Management Oversight	✓	✓	✓	✓
Policies, Procedures, Required Training, And Reporting	✓	✓	✓	✓
Cost Center Management	✓	✓	(1)	✓
Payroll	(2)	✓	✓	✓
Human Resources	✓	✓	✓	✓
Change Funds And Cash Receipts	N/A	N/A	✓	✓
Procurement And Travel Cards	✓	✓	✓	✓
Departmental Expenses	✓	✓	✓	✓
Contract Administration	✓	N/A	N/A	✓
Property Management	✓	✓	✓	✓
Scholarships	N/A	N/A	N/A	N/A
Research	N/A	N/A	N/A	N/A

- ✓ **Fully Complies**
- ⊖ **Opportunity for Improvement**
- () **Number of action items required to address non-compliance**
- N/A **Not Applicable**

**University of Houston System
Internal Auditing Department**

**University of Houston-Clear Lake
Office of the Provost
Departmental Reviews**

COMPLIANCE MATRIX					
Compliance Area	Dean of Students	Writing Center	Student Life	Health Services	Intercultural/International Student Services
Management Oversight	✓	✓	✓	✓	✓
Policies, Procedures, Required Training, And Reporting	(1)	(1)	✓	✓	(1)
Cost Center Management	✓	✓	✓	✓	✓
Payroll	✓	✓	✓	✓	✓
Human Resources	✓	✓	✓	✓	✓
Change Funds And Cash Receipts	✓	N/A	✓	✓	N/A
Procurement And Travel Cards	✓	✓	✓	✓	✓
Departmental Expenses	✓	✓	(1)	✓	✓
Contract Administration	N/A	✓	✓	✓	✓
Property Management	✓	✓	✓	✓	✓
Scholarships	N/A	N/A	N/A	N/A	N/A
Research	N/A	N/A	N/A	N/A	N/A

- ✓ **Fully Complies**
- ⊖ **Opportunity for Improvement**
- () **Number of action items required to address non-compliance**
- N/A **Not Applicable**

**University of Houston System
Internal Auditing Department**

**University of Houston-Clear Lake
Office of the Provost
Departmental Reviews**

COMPLIANCE MATRIX					
Compliance Area	Environmental Institute of Houston	Math Center	Orientation and New Student Program	Disability Services	Success Center
Management Oversight	(1)	✓	✓	✓	✓
Policies, Procedures, Required Training, And Reporting	✓	✓	✓	✓	✓
Cost Center Management	✓	✓	✓	✓	✓
Payroll	✓	✓	✓	✓	✓
Human Resources	✓	✓	✓	✓	✓
Change Funds And Cash Receipts	N/A	N/A	(2)	N/A	N/A
Procurement And Travel Cards	✓	✓	✓	✓	✓
Departmental Expenses	✓	✓	✓	✓	✓
Contract Administration	(1)	N/A	✓	✓	N/A
Property Management	✓	✓	✓	✓	✓
Scholarships	N/A	N/A	N/A	N/A	N/A
Research	✓	N/A	N/A	N/A	N/A

- ✓ Fully Complies
- ⊖ Opportunity for Improvement
- () Number of action items required to address non-compliance
- N/A Not Applicable

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON – CLEAR LAKE
OFFICE OF THE PROVOST
DEPARTMENTAL REVIEWS
INSTANCES OF NON-COMPLIANCE**

We brought the following instances of non-compliance to management's attention in order that it could take appropriate action. We recommended and management agreed to implement action plans to address the areas of non-compliance indicated by an asterisk below. In addition, management informed us that it would take the necessary actions in order to help prevent reoccurrences of similar instances of non-compliance with the remaining areas listed below.

LIBRARY AND PEARLAND CAMPUS LIBRARY

Payroll

- An employee did not record time for hours worked.

Human Resources

- An ePAR was not approved prior to first day of employment.

**COMPUTING AND PEARLAND CAMPUS UNIVERSITY COMPUTING AND
TELECOMMUNICATIONS**

Departmental Expenses

- Taxable Payments or Reimbursements to Employees forms were not completed.

OFFICE OF SPONSORED PROGRAMS

Departmental Expenses

- Direct reimbursements were not approved by all required parties.
- A Taxable Payments or Reimbursements to Employees form was not completed.

PROVOST OFFICE AND ACADEMIC AFFAIRS

Human Resources

- ePARs were not approved prior to first day of employment.
- A terminating ePAR was not submitted timely.

Departmental Expenses

- A direct reimbursement was not approved by all required parties.

FINANCIAL AID AND ACADEMIC RECORDS

Payroll

- An absence request was not approved timely.
- Hours worked by non-exempt employees were not approved timely.

STUDENT SERVICES

Cost Center Management

- Cost center verifications were not prepared, reviewed, and approved timely.

DEAN OF STUDENTS

Policies, Procedures, Required Training, And Reporting

- A Procurement Cardholder did not complete required training.

WRITING CENTER

Policies, Procedures, Required Training, And Reporting

- A Procurement Cardholder did not complete required training.

STUDENT LIFE

Departmental Expenses

- An entertainment expense was not properly documented.

INTERCULTURAL/INTERNATIONAL STUDENT SERVICES

Policies, Procedures, Required Training, And Reporting

- A Procurement Cardholder did not complete required training.

ENVIRONMENTAL INSTITUTE OF HOUSTON

Management Oversight

- Annual reports for a Center were not completed.*

Contract Administration

- A contract was not signed by higher authority.

ORIENTATION AND NEW STUDENT PROGRAM**Change Funds and Cash Receipts**

- The same employee is responsible for preparing deposits and monthly verifications.
- Cash receipts of over \$100 were not deposited within one working day of receipt.

**University of Houston System
Internal Auditing Department**

**University of Houston – Clear Lake
Office of the Provost
Departmental Reviews
Background Information**

Background provided by the Office of the Provost:

The mission of the office of the Senior Vice President for Academic Affairs and Provost is to provide intellectual, ethical and financial direction for the university's academic and student service activities. The Office provides leadership for teaching, research and service, as well as for administrative, business, student and information services within the academic component. Quality, accessibility and cultural diversity are values the office strives to enhance. Our goal is to assist faculty with the implementation of programs that emphasize high standards for teaching and that develop creative and critical thinking skills in our students. We intend to help students with a seamless transition from the time of application to admission through graduation. For the purposes of this report, the division is composed of the Office of the Provost, Student Services, Information Resources, Academic Affairs and Enrollment Management.

Since the University welcomed its first freshman and sophomore class in fall 2014, the Division of Student Services has made significant changes to meet the needs of the institution's changing student population. In summer 2014, the newly formed Office of Orientation and New Student Programs (ONSP) introduced mandatory orientation programs designed to help new students effectively transition to the university. In addition, ONSP works with faculty, students, and staff from across the university to develop and conduct transition programs that help students become more familiar with UHCL's academic landscape. In fall 2014, Intercultural Student Services (ISS) began a learning community program specifically for first-generation students (First Gen), and the Student Life Office launched the Hawk Leadership Institute (HLI), a multi-year program modeled as a learning community designed to provide students with leadership and civic engagement experiences.

In fall 2014, the Division of Student Services was reorganized into "clusters" to better serve the increasingly changing needs of UHCL's student population. These clusters grouped centers and departments that play similar roles in supporting students. While the individual identities and functions of the centers and the departments in these clusters remained, each was given opportunity to work more collaboratively and more efficiently in supporting students. For example, the Academic Support Services cluster grouped centers and departments that supported student learning: the Student Success Center, Disability Services, the Writing Center, and the reorganized, more comprehensive Math Center. Similarly, the Counseling, Health, and Career Services cluster was also created, as was the Student Engagement cluster that includes Student Life, Intercultural Student Services, the Dean of Student Office, Student Publications, and the Student Research Conference.

The Information Resources Division and specifically University Computing and Telecommunications has provided leadership with the OmniUpdate project and the development of the new UHCL website scheduled to launch later this year. A collaboration between University Computing and Telecommunications and University Communications, the university-wide project includes consolidating and updating many web pages and the creation of an intranet. The Office of Online Programs and University Computing and Telecommunications have migrated online programs and courses from the WebCT platform to Blackboard, while increasing the number of online courses offered for students. The Online Programs Office also implements and maintains accessibility standards in all online courses in compliance with state and federal laws. The Neumann Library launched a digital initiative to establish the university's Institutional Repository to house electronic copies of UHCL theses and dissertations as well as UHCL historical materials. The library also created collaborative study areas for students which included moveable furniture and an entire wall as a white board. The library also added 15 individual and group study rooms to meet growing student needs.

The Enrollment Management division has helped to lead us to record enrollments this last academic year with new marketing strategies and operational efficiencies. They executed a successful recruitment plan to bring in the first freshman class as the institution became a 4-year public institution. As a result of our expansion, Enrollment Management expanded the academic advising operations to give specialized guidance to our freshman and sophomore students. The division also opened a Testing Center to support our four-year initiative. The university also designed a new scholarship program for freshman students. In addition, our transfer scholarship programs have been revised to provide more scholarship support for our transfer students.

Academic Affairs has created a one stop shop for all university matters related to campus internationalization. The Office of International Admissions and Programs offers services to a wide range of constituents including prospective and current students, faculty and staff, community members and international partners. Their services include International Admissions, International Advising, Study Abroad Programs, New International Student Orientation programs, and international academic agreements. Due in large part to this reorganization, UHCL has experienced record enrollment of international students in the past two years.

In 2013, UHCL secured a five year \$1.7M Title III Strengthening Institutions Grant from the U.S. Department of Education. The purpose of this grant has been to complement existing services to students by assisting with engaging first-time and transfer students with less than 60 hours. Ultimately the program will improve retention and graduation rates among all UHCL students, particularly those who are high-needs. The grant funding supports library resources, training materials, student assessments, and faculty development. In collaboration with Quality Enhancement Plan endeavors, the grant also coordinates educational programming such as the First-Year Experience (with Freshman Seminar and Learning Communities) and Transfer Seminar which are designed to help retain students and see them through program completion.

Budget/Financial Summary:

During fiscal year 2016, with a staff of 275 FTE, the Office of the Provost administered 309 cost centers with a current operating budget of \$38,787,279.

The following table presents the fund balance reconciliation for the Office of the Provost for FY 2015:

Beginning Fund Balance (9/1/2014)	\$ 8,771,530
Revenues	24,948,452
Expenditures	(43,610,710)
Transfers/Other	19,986,509
Ending Balance (8/31/2015)	<u>\$ 10,095,781</u>

UNIVERSITY OF HOUSTON - CLEAR LAKE
OFFICE OF THE PROVOST
SUMMARY OF REVENUES AND EXPENDITURES

<u>Description</u>	<u>FY 2015</u>	<u>FY 2014</u>
<u>Revenue</u>		
Sales and Services-Education & General	\$ (52,725)	\$ (46,724)
Federal Pass Through Grants State	(284,508)	(394,384)
State Pass through Other St Agnc	(1,718,943)	(1,769,547)
Private Gifts, Grants and Cont	(1,129,640)	(796,925)
Federal Grants and Contracts	(9,648,704)	(9,014,022)
Endowment Income Distribution	(330,440)	(310,866)
Other Fees	(7,097,003)	(6,629,460)
State Grants and Contracts	(130,118)	(124,480)
Sales & Services -Auxiliary	(253,638)	(204,760)
State Appropriations	(120,613)	(120,613)
Student Service Fees	(4,081,369)	(3,860,138)
Other Investment Income	(8)	(1)
Other Revenue Sources	(2,889)	(3,708)
Tuition Revenue	517,190	437,353
Recovered Costs	(615,044)	(692,199)
Total Revenue	<u>\$ (24,948,452)</u>	<u>\$ (23,530,474)</u>
 <u>Cost of Goods Sold</u>		
Cost of Goods Sold	\$ 95,774	\$ 145,956
Total Cost of Goods Sold	<u>\$ 95,774</u>	<u>\$ 145,956</u>
 <u>Payroll</u>		
Salaries & Wages	\$ 15,340,579	\$ 14,428,320
Fringe Benefits	1,639,083	1,571,867
Total Payroll	<u>\$ 16,979,662</u>	<u>\$ 16,000,187</u>
 <u>Maintenance and Operations</u>		
Professional Services	\$ 28,198	\$ 18,449
Lab Research Supplies	17,468	18,167
Contracts and Grants	65,286	85,090
General Supplies	534,346	425,855
Academic Service	146,148	62,985
Printing, Copying, & Reproduction	265,804	227,509
Construction Expenses	10,253	10,630
Communication & Transportation	712,119	784,187
Advertising Promotion & Public	531,467	363,250
Rental Lease & Royalties	377,690	302,858
Routine Repair	698,221	750,652
Contracting Services	1,660,189	1,312,791
General Services	327,332	334,823
Health & Clinical Supplies	13,680	9,858
Misc Supplies and Materials	6,797	7,510
Facilities & Ground Supplies	4,359	4,393
Financial Aid	16,313,697	15,127,138
Parts & Furnishing	1,351,762	2,386,624
Financial Tax & License Cost	21,330	17,981
Other Recurring Expenses	303,436	259,137
Employee Expenses	165,177	111,942
Special Program & Events	38,317	33,709
Travel	315,521	285,884
Legal Services	183	0
Total Maintenance and Operations	<u>\$ 23,908,780</u>	<u>\$ 22,941,422</u>
 <u>Capital Outlay</u>		
Capital Outlay	\$ 2,626,494	\$ 2,748,276
Total Capital Outlay	<u>\$ 2,626,494</u>	<u>\$ 2,748,276</u>
 Total Cost of Goods Sold, Payroll, M&O and Capital Outlay		
	<u>\$ 43,610,710</u>	<u>\$ 41,835,841</u>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM
STATE BENEFITS PROPORTIONALITY

REPORT NO. AR2016-31

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON SYSTEM
STATE BENEFITS PROPORTIONALITY**

BACKGROUND:

The General Appropriations Act (GAA) 84th Legislature, Conference Committee Report, rider 8, page III-39, directed higher education institutions to conduct an internal audit of benefits proportional by fund for fiscal years 2012, 2013 and 2014, using a methodology approved by the State Auditor's Office (SAO). The GAA requires an institution of higher education's payments for benefits to be proportional to the funding from appropriated general revenue and other sources of funding. GAA Article IX, Section 6.08, Benefits Paid Proportional by Fund states, in order to maximize balances in the General Revenue Fund, payment for benefits paid from appropriated funds shall be proportional to the source of funds, unless otherwise provided. General Revenue Fund appropriations may not be expended for employee benefit costs if the salaries or wages are paid from a source other than the General Revenue Fund. Payments for employee benefit costs for salaries and wages paid from sources other than the General Revenue Fund shall be made in proportion to the source of funds from which the respective salary or wage is paid.

Institutions of higher education are required to file with the State Comptroller's Office and SAO an annual report demonstrating proportionality. The report shall be filed before November 20th following the close of the fiscal year for the salaries, wages and benefits of the preceding year ended August 31. The State Comptroller's Accounting Policy Statement, Benefits Proportional by Fund includes instructions for completing the Benefits Proportional by Fund Report (APS 011 report) to determine the proportionality of an institution's funding from appropriated funds and other sources, and to calculate the proper amount of benefit payments to be paid from each of these sources for the prior appropriation year.

OBJECTIVE:

The objective of our review was to determine whether UHS institutions were in compliance with the requirements of the GAA Article IX, Section 6.08, Benefits Paid Proportional by Fund.

SCOPE OF WORK:

The scope of the audit included the review of all UHS component universities for FY 2012 and 2014. During FY 2015, we conducted an audit of State Benefits Proportionality for FY 2013 (Internal Audit Report No. AR2015-06).

We reviewed the APS 011 reports and supporting documentation; compared the information in the reports with information recorded in the UHS accounting system and the Uniform Statewide Accounting System (USAS); interviewed Finance personnel; reviewed State regulations, State Comptroller Office guidelines, and university procedures; and performed other audit procedures, as appropriate.

CONCLUSION:

UHS component universities did not comply with all requirements of the GAA Article IX, Section 6.08, Benefits Paid Proportional by Fund when completing the APS 011 report. We noted instances of non-compliance related to the following areas: financing sources and state funded benefits for unallowable compensation. Management is in the process of addressing these instances of non-compliance.

Appendix A lists the instances of non-compliance noted during the audit, a recommendation that will enhance the control environment in the areas, and management's response.

Don F. Guyton
Chief Audit Executive
July 8, 2016

APPENDIX A

INSTANCES OF NON-COMPLIANCE

General Revenue-Dedicated Financing Sources

The benefits proportionality calculation is derived from the Benefits Proportional by Fund Report (APS 011). Benefits proportionality is based on the amount of financing from general revenue (GR) and general revenue-dedicated (GRD), as recorded in the Uniform State Accounting System (USAS). GR consists of appropriations received from the State. According to the Legislative Budget Board, Legislative Primer, 5th Edition, GRD consists primarily of statutory tuition, premium tuition authorized by the Board, laboratory fees, and course fees.

GRD for all four UHS component universities agreed with the amounts recorded in USAS. However, each component had different methods for calculating GRD, as described below:

- UH included statutory tuition and laboratory fees, calculated on a cash basis method, as GRD. Premium tuition was not included. In addition, designated tuition funds that were transferred at year-end to cover budgeted state salaries and benefits were included in GRD.
- UHCL included statutory tuition, premium tuition and course fees as GRD. Waivers, exemptions, Texas Public Education Grants (TPEG), and total accounts receivable at year-end were deducted from GRD. UHCL began deducting accounts receivable from GRD in 2014. Additionally, UHCL included fees that were not considered GRD.
- UHD included statutory tuition, premium tuition and laboratory fees as GRD. Waivers, exemptions, bad debt allowance, and TPEG were deducted from GRD. UHD no longer charges laboratory fees as of 2014. However, UHD did not include all statutory tuition, premium tuition, and interest for FY 2012 in GRD.
- UHV included statutory tuition, premium tuition and course fees in GRD. Waivers, exemptions, TPEG, and accounts receivable related to the fiscal year were deducted from GRD.

Based on the methodology used by the UHS component universities, we identified the following overstatements and understatements of GRD in USAS.

- UH did not include premium tuition in GRD, but rather included designated tuition that was used to cover budgeted salaries. During FY 2012 and 2014, the amount of designated tuition transferred was greater than premium tuition. As a result, GRD was overstated and the benefits proportionality calculated on the APS 011 report was incorrect. During FY 2012 and 2014, the overstatement of GRD was approximately \$7 million and \$24 million, respectively. Based on analysis prepared by the Manager of State Accounting, the estimated effect of this error was a benefit overpayment by UH of approximately \$260,000 in FY 2012 and a benefit underpayment of approximately \$340,000 in FY 2014. The Manager of State Accounting also estimated the effect of the error in FY 2013 and

determined that UH underpaid benefits approximately \$22,000. The net effect of the error for fiscal years 2012-2014 was an underpayment of benefits of approximately \$102,000.

- UHCL inappropriately included administration fees, library fines, room rental revenue and other miscellaneous revenue in GRD. For FY 2012 and 2014, these amounts totaled \$44,223 and \$14,664, respectively. As a result, GRD was overstated and the benefits proportionality calculated on the APS 011 report was incorrect. Based on analysis prepared by the Director of Accounting, the estimated effect of this error for FY 2012 and 2014 was a benefit overpayment by UHCL of approximately \$3,400 and \$2,200 respectively. The Director of Accounting also estimated the effect of the error in FY 2013 and determined that UHCL overpaid benefits of approximately \$2,500. The net effect of the error for fiscal years 2012-2014 was an overpayment of benefits of approximately \$8,100.
- UHD did not include all statutory tuition, premium tuition and interest in GRD. The understatement of GRD was approximately \$729,000 of tuition and \$7,440 of interest in FY 2012. Based on analysis prepared by the Director of Financial Reporting, the estimated effect of this error for FY 2012 was a benefit underpayment by UHD of approximately \$97,000.

Athletics Salary and Benefits

UH and UHV Athletic Departments each had one employee that was partially paid from state funds. A portion of each employee's responsibilities was related to fundraising for Athletics. The General Appropriations Act (GAA), 82nd Legislature, Conference Committee Report, Section 9, page III-234 excludes the use of state funds for the operation of intercollegiate athletics. As a result, the salary and the associated benefits were overstated in USAS, and the APS 011 Report was incorrectly prepared, as follows:

- UH paid 49% of an Assistant Athletic Director's salary with state funds. As a result, UH underpaid benefits in FY 2012 and 2014 of approximately \$4,200 and \$4,600, respectively.
- UHV paid 40% of the Athletic Director's salary with state funds. As a result, UHV underpaid benefits in FY 2012 and 2014 of approximately \$2,600 and \$3,700, respectively.

During the audit, both UH and UHV management began fully funding the salaries for these employees using non-state funds.

Additional Compensation

Due to an automated process in the university's payroll system, employees at all of the component universities who were paid additional compensation, such as auto allowances, communication allowances, insurance stipends, etc., were generally paid using non-state funds; however, the benefits associated with this compensation were paid using state funds. According to Section 6.08 (a), page IX-28 of the GAA (82nd Legislature, Conference Committee Report),

employee benefits expended by the General Revenue Fund must be paid from the same fund source as salary. Management is in the process of determining the total amount of additional compensation paid from non-state funds and the amount of associated benefits paid from state funds.

RECOMMENDATION (UHS Management): UHS management should work with the component university management to standardize and/or modify procedures to help ensure compliance with the State Comptroller's Office Accounting Policy Statements, including properly completing the APS 011 report. In addition, UHS management should work with the State Comptroller's Office to determine the resolution of any instances of non-compliance where there was an overpayment/underpayment of benefits made by the state.

MANAGEMENT'S RESPONSE (UHS Management): Management concurs with the observations and recommendations contained in this report. UHS management will work with the component campus accounting departments to develop a set of uniform and standardized system-wide policies and procedures that will ensure compliance with state statutes and applicable State Comptroller's Office accounting standards. UHS management will work with management of the component campuses to develop procedures for a System-level review of state benefits proportionality business processes and reporting. UHS management will coordinate efforts with the State Comptroller's Office to ensure that any non-compliance issues resulting from overpayment/underpayment of benefits are resolved in accordance with state accounting standards. The preceding action items will be implemented no later than August 2017. Additionally, UHS management will collaborate with management of the component campuses to establish by October 2016 a common set of business practices for the 2016 fiscal year submission of state benefits proportionality reporting.

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON SYSTEM

COMPLIANCE REVIEW – TEXAS
EDUCATION CODE, SECTION 51.9337

REPORT NO. AR2016-32

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON SYSTEM
COMPLIANCE REVIEW - TEXAS EDUCATION CODE,
SECTION 51.9337**

BACKGROUND:

Texas Senate Bill 20, 84th Legislature resulted in many new requirements related to procurement for all state agencies, including institutions of higher education. This legislation resulted in the addition of Section 51.9337, Purchasing Authority Conditional to the Texas Education Code. Texas Education Code, Section 51.9337 (h), requires the chief auditor of an institution of higher education to annually assess whether the institution has adopted the rules and policies required by this section and submit a report of findings to the state auditor.

OBJECTIVE:

The objective of our review was to determine whether the Board of Regents and the University of Houston System (UHS) have adopted the rules and policies required by the Texas Education Code, Section 51.9337.

SCOPE OF WORK:

The scope of the audit included the review of Board of Regents and UHS policies and related documentation.

CONCLUSION:

We determined that the Board of Regents Policies 42.01, Compliance, and 55.01, Contracts, needed to be amended to comply with these requirements related to compliance, contract administration and training. The amendments to these policies are on the agenda for the August 25, 2016 Board of Regents meeting. In our opinion, subject to the approval by the Board of Regents of the policy amendments, the Board of Regents and University of Houston System have adopted all rules and policies required by Texas Education Code, Section 51.9337.

Appendix A contains a list of policy requirements together with the appropriate references to the Board of Regents/UHS policies.

Don F. Guyton
Chief Audit Executive
August 5, 2016

Texas Senate Bill 20, 84th Legislature

Section 51.9337 Purchasing Authority Conditional; Required Standards

Senate Bill 20 Requirement		BOR/UHS Policies
(b)	The board of regents of an institution of higher learning by rule shall establish for each institution under the management and control of the board:	
(1)	a code of ethics for the institution's officer and employees, including provisions governing officers and employees authorized to execute contracts for the institution or to exercise discretion in awarding contracts.	BOR 57.01.1
(2)	Policies for the internal investigation of suspected defalcation, misappropriation, and other fiscal irregularities and an institutional or systemwide compliance program designed to promote ethical behavior and ensure compliance with all applicable policies, laws, and rules governing higher education, including research and health care to the extent applicable	BOR 41.01.4; BOR 42.01 (Revised)
(3)	a contract management handbook that provides consistent contracting policies and practices and contract review procedures, including a risk analysis procedure, subject to Subsection (d)	B.55.01.5 (Revised); SAM 3.B.01 § 3.2; Purchasing Guidelines; Contract Management Handbook
(4)	contracting delegation guidelines, subject to Subsections (e) and (f)	B.55.01
(5)	training for officers and employees authorized to execute contracts for the institution or to exercise discretion in awarding contracts, including training in ethics, selection of appropriate procurement methods, and information resources purchasing technologies	BOR 55.01.5 (Revised); SAM 3.B.01 § 3.2; Purchasing Guidelines
(6)	Internal audit protocols, subject to Subsection (g)	See Subsection (g)
(c)	The code of ethics governing an institution of higher education must include:	
(1)	general standards of conduct and a statement that each officer or employee is expected to obey all federal, state, and local laws and is subject to disciplinary action for a violation of those laws	BOR 57.01.5
(2)	policies governing conflicts of interest, conflicts of commitment, and outside activities, ensuring that the primary responsibility of officers and employees is to accomplish the duties and responsibilities assigned to that position	BOR 57.02.1; BOR 57.08
(3)	a conflict of interest policy that prohibits employees from having a direct or indirect financial or other interest, engaging in a business transaction or professional activity, or incurring any obligation that is in substantial conflict with the proper discharge of the employee's duties related to the public interest	BOR 57.08
(4)	a conflict of commitment policy that prohibits an employee's activities outside the institution from interfering with the employee's duties and responsibilities to the institution	BOR 57.02.2
(5)	a policy governing an officer's or employee's outside activities, including compensated employment and board service, that clearly delineates the nature and amount of permissible outside activities and that includes processes for disclosing the outside activities and for obtaining and documenting institutional approval to perform the activities	BOR 57.02

Board of Regents Policies (BOR): 41.01, Internal Auditing, 42.01, Institutional Compliance, 55.01, Contracts, 57.01, Code of Ethics, 57.02, Consulting and Paid Professional Service, 57.08, Conflict of Interest
 University of Houston System Administrative Memorandum (SAM): 3.B.01, Purchasing Guidelines

Senate Bill 20 Requirement

BOR/UHS Policies

	(6) a policy that prohibits an officer or employee from acting as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the institution	BOR 57.08.7
	(7) a policy governing the use of institutional resources	BOR 57.02.3
	(8) a policy providing for the regular training of officers and employees on the policies described by this subsection.	BOR 57.01.3
(d)	An institution of higher education shall establish contract review procedures and a contract review checklist that must be reviewed and approved by the institution’s legal counsel before implementation. The review procedures and checklist must include:	
	(1) a description of each step of the procedure that an institution must use to evaluate and process contracts	BOR 55.01.5 (Revised); SAM 3.B.01; UHS Purchasing Guidelines; UHS Contract Management Handbook
	(2) a checklist that describes each process that must be completed before contract execution	BOR 55.01.5 (Revised); SAM 3.B.01; UHS Purchasing Guidelines; UHS Contract Management Handbook
	(3) a value threshold that initiates the required review by the institution’s legal counsel unless the contract is a standard contract previously approved by the counsel	BOR 55.01.5 (Revised); SAM 3.B.01; UHS Purchasing Guidelines; UHS Contract Management Handbook
(e)	An institution of higher education’s policies governing contracting authority must clearly specify the types and values of contracts that must be approved by the board of regents and the types and values of contracts for which contracting authority is delegated by the board to the chief executive officer and by the delegated by the board to the chief executive officer and by the chief executive officer to other officers and employees of the institution	BOR 55.01
(f)	An institution of higher education may not enter into a contract with a value of more than \$1 million, including any amendment, extension, or renewal of the contract that increases the value of the original contract to more than \$1 million, unless the institution’s board of regents approves the contract, expressly delegates authority to exceed that amount, or expressly adopts an exception for that contract.	BOR 55.01
(g)	The board of regents of an institution of higher education shall adopt standards for internal audits conducted by the institution to provide a systematic, disciplined approach to evaluate and improve the effectiveness of the institution’s risk management, control, and governance processes related to contracts and to require risk-based testing of contract administration. The internal auditor must have full and unrestricted access to all institutional property, personnel, and records. An internal auditor must report directly to the board of regents in accordance with Chapter 2102, Government Code.	BOR 41.01.1 (C); BOR 41.01.2 (C); BOR 41.0.1.3 (A)

Board of Regents Policies (BOR): 41.01, Internal Auditing, 42.01, Institutional Compliance, 55.01, Contracts, 57.01, Code of Ethics, 57.02, Consulting and Paid Professional Service, 57.08, Conflict of Interest
 University of Houston System Administrative Memorandum (SAM): 3.B.01, Purchasing Guidelines

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

COMMITTEE: Audit and Compliance

ITEM: Report on Institutional Compliance Status Report for the three months ended June 30, 2016, and Annual Plan for FY 2017

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Institutional Compliance Status Report summarizes the information provided by each institution for their respective compliance functions.

- Summary of Activities: risk assessment, audits, meetings, risk mitigation, and hot-line reports
- University of Houston System: summary of meeting of Institutional Compliance Officers and summary of UHS compliance activities
- University of Houston: meeting of Institutional Compliance Officers and summary of UH compliance activities
- University of Houston-Clear Lake: summary of UHCL Institutional Compliance meeting and UHCL compliance activities
- University of Houston-Downtown: summary of UHD Compliance Committee meetings and UHD compliance activities
- University of Houston-Victoria: summary of UHV Institutional Compliance Meeting and UHV compliance activities
- Annual Compliance Plan for FY 2017

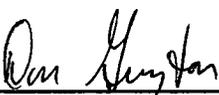
SUPPORTING

DOCUMENTATION: Institutional Compliance Status Report

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Don Guyton

8/8/16

DATE



CHANCELLOR Renu Khator

8/19/16

DATE

**UNIVERSITY OF HOUSTON SYSTEM
 INSTITUTIONAL COMPLIANCE STATUS REPORT
 For the three months ended June 30, 2016
 Annual Compliance Plan for FY 2017**

Institutional compliance activities at each university during the three months ended June 30, 2016, are as follows:

<u>Activity</u>	<u>UH/UHS</u>	<u>UHCL</u>	<u>UHD</u>	<u>UHV</u>
Risk Assessments Completed	0	0	0	0
Risk Assessments Updated	10	0	3	0
Compliance Audits Conducted	1	3	7	0
Compliance Committee Meetings Held	1	1	1	1
Risk Mitigation Implemented:				
Specific Control Activities (pol. & proc.)	1	57	0	5
New Training Program / Activities	24	3	1	4
Hot-line Reports:				
Number Received during last 3 months	19	0	8	1
Reports Resolved during last 3 months	10	0	4	7
Unresolved Reports as of June 30, 2016	7	0	6	4

UHS:

- A system-wide meeting of the Institutional Compliance officers was held on April 6, 2016, to discuss institutional compliance activities. The meeting agenda included the following:
 - Open points from previous meeting
 - Reviewed agenda items to be presented to the Audit and Compliance Committee on May 19, 2016
 - Cooperative Problem Solving – Sharing of ideas and discussion by all compliance officers of major concerns/accomplishments
 - Mary Cook, UHD, Compliance Officer/UHD Director for Risk Management and Compliance
 - Lisa Coen, UHCL, Environmental, Health & Safety Coordinator III
 - Tim Michalski, UHV, Compliance Officer/UHV Director of Business Services
 - Valerie Coleman-Ferguson, UH Compliance Officer/UHS Office of General Counsel, Associate General Counsel
 - Don Guyton, UHS, Compliance Officer/UHS Chief Audit Executive
 - Presentations by subject matter experts
 - Mike Glisson, UH, Assistant Vice President for Finance and Controller – Post-Payment Audit for UHS Administration

- Mary Cook on behalf of Carol Manousos, UHD Director of Emergency Management – Updates
 - Ginger Walker, Emergency Management Specialist on behalf of Kelly Boysen (UH, Director of Emergency Management, Office of Emergency Management, Department of Public Safety) – Emergency Management Updates
 - Joan Nelson, UH, Associate Vice Chancellor/Vice President, Human Resources – HR Updates
 - Mary Dickerson, UHS/UH, IT Security, Executive Director/Chief Information Security Officer – UIT Updates
 - Lauri Schneidau Ruiz, UHS, Office of General Counsel, Senior Assistant General Counsel – Legal and Regulatory Matters and Updates
 - Don Guyton, UHS, Chief Audit Executive – Update on implementing the monitoring mechanism of contracts
- On June 2, 2016, Chancellor Renu Khator forwarded a letter to faculty, staff and students on UH System’s position and resources regarding “Title IX and UHS Sexual Misconduct Policy.”
 - The Comptroller’s Office conducted a routine post-payment audit of UH System Administration in which they reviewed payroll and accounts payable payments made with state appropriated funds during FY 2015. The auditor’s report is expected to be issued in August, 2016.

UH:

- UH Institutional Compliance
The UH Institutional Compliance committee met on April 6, 2016. Richard Baker gave a Title IX Update: “Sexual Misconduct Assessment & Response Team.” Committee members participated in a roundtable discussion and risk assessments were discussed.
- Academic Affairs
On May 26, 2016, the Associate Provost for Finance and Administration in the Office of the Provost held a training session for all college business administrators to review best hiring practices for staff positions. All participants received a packet of information that included instructions for new supervisors, a sample posting, templates for grading matrices, and sample interview questions for technical and follow-up face-to-face interviews. The purpose of the training was to refresh college business administrators on Human Resources policies and procedures, and to discuss best practices on how to complete staff hires within 30-45 days.
- Division of Student Affairs and Enrollment Services
Briget Jans was welcomed as the new Executive Director for the Department of Scholarships and Financial Aid on June 1, 2016. She will be responsible for the administration of all private, institutional and federal financial aid and scholarship programs, as well as the development of strategic initiatives for the department in

alignment with the strategic initiatives of the division and the University. For further details: <http://www.uh.edu/dsaes/news/2016/briget-jans.html>

■ Office of Emergency Management

- The annual review of the University’s Business Continuity Plan has been completed by the Business Continuity Planning Leadership Group. Per recommendation from State Office of Risk Management (SORM), the title of the plan will be changed from “Business Continuity Plan” to “Continuity of Operations Plan.” Final review of the revised plan and approvals are in-progress, and the updated Plan will be submitted to SORM for the October 2016 deadline.
- Per recommendation from the Emergency Management/Safety & Security Audit conducted in fall, 2015, the development of a Multiyear Training and Exercise Plan for Continuity of Operations has been completed as of July 11, 2016.

■ Athletics

- Filed one waiver with the NCAA which was approved.
- Filed one secondary infraction with NCAA which was classified as Level III with no follow-up.
- One student-athlete reinstatement with NCAA from March is under appeal.
- 0 transfer or financial aid appeal hearings.
- Eligibility Certification process overhaul in process. Athletic degree audit developed with PeopleSoft and RAR is ready for testing. We will test with certain sports in fall, 2016.
- Campus visit policy has been reviewed by conference, awaiting AD and Chancellor approval; implementation scheduled for August 1, 2016.

■ Division of Research

- Education Provided – The Division of Research provided regulatory/compliance-based training to 355 faculty, students, and staff members:
 - Office of Research Policies, Compliance, and Committees (ORPCC) – 22
 - Office of Contracts and Grants (OCG) – 126
 - Office of Research Development (ORD) – 173
 - Business Operations – 34Animal Care Operations (ACO) updated five online courses posted on the TAP site.
- Education Attended – Division of Research staff attended the following regulatory-based training events:
 - April 7, 2016: Gulf of Mexico Center of Excellence Program – one attendee
 - April 12, 2016: Southeastern Universities Research Association CERC meeting – two attendees
 - May 4 – 6, 2016: Federal Demonstration Project – two attendees
 - May 24, 2016: Gulf Coast Consortium (GCC) symposium on drug therapies – eight attendees
 - May 24, 2016: Center on Environmental Sustainability & Resilience (CeSAR) Symposium on Advanced Waste Management – two attendees
 - June 3, 2016: Southeastern Texas Evolutionary Genetics and Genomics Conference – two attendees

- April 23 – 27, 2016: National Council of University Research Administrators (NCURA) National Meeting, Grapevine, Texas – two attendees
- May 5, 2016: International Trade and Global Compliance Seminar for BakerHostetler – one attendee
- May 10 – 12, 2016: Supervisory Control and Data Acquisition (SCADA) Systems Security – one attendee
- June 28 – 30, 2016: Information Security Officer Foundations Course – one attendee
- Six regulatory webinars were attended by multiple DOR staff members (titles excluded; available upon request)
- Regulatory/Compliance Updates
 - June 29, 2016 – The UH Animal Care and Use Program received full AAALAC accreditation based on the site visit conducted February 18 – 19, 2016 and was commended for a high quality, efficient program, 2016. No mandatory findings; two minor non-binding suggestions for improvement.
 - Continued implementation of Huron Institutional Review Board (IRB) online system for human subjects research, which will replace the current system, RAMP. Go-live date: September 5, 2016. Institutional Animal Care and Use (IACUC) and Conflict of Interest (COI) modules to follow.
 - Continued Lean Six Sigma assessment of IRB processes and solution implementation
 - Continued Implementation of PeopleSoft Grants
- Animal Care Operations – Edstrom water system semi-annual sanitation completed.
- ORPCC – completing redesign of all human subjects SOPs (through Huron HRPP toolkit) and tools/templates used to review human subjects research. Redesign of office processes to complement new tools and system to significantly increase regulatory compliance.
- Business Operations – Rolling updates, continued development of SOPs and formal process mapping in the following areas: Legal Payment Reconciliations, Cash Handling, Gift Card Handling, RIF/IA Processing and Fund usage "language" in NOA, onboarding/recruitment, and division-wide financial oversight.
- Core Facilities – UH Laboratory Design and Construction Guidelines: 4 meetings held to review and update standards based on building, fire, chemical, radiation and biological code compliance.
- Ongoing Compliance Activities
 - Six Institutional Review Board (IRB) committee meetings
 - Three Institutional Animal Care and Use Committee (IACUC) meetings
 - One Conflict of Interest (COI) committee meeting
 - Three Intellectual Property Committee meetings
 - One Radiation Safety Committee (RSC) meeting (attended)
 - One Institutional Biosafety Committee (IBC) meeting (attended)
 - Data Management MAPP being finalized
 - One Research Misconduct Investigation completed, one new allegation in assessment phase, one new allegation in inquiry phase.
 - IACUC
 - Opened one new compliance investigation

- IACUC post-approval monitoring assessments – one new; two in progress
 - June 6, 2016 – DOR leadership met with Internal Audit for annual planning (2017 – 2019)
 - June 15, 2016 – Attended Finance Fiscal Year End (2016 – 2017) Process Meeting
 - April 5, 2016 – Gulf Coast Consortium Annual Review
 - June 20, 2016 – Internal Auditing's Center for Advanced Computing & Data Systems (CACDS) Entrance Conference
- Environmental Health Life Safety
 - New Programs/Activities
 - New Spill Prevention Control and Countermeasure (SPCC) Plan implemented for Energy Research Park
 - Hired a new Hazardous Waste Specialist
 - Conducted Shop Safety Audit using the EHS Assistant Shop Safety Module
 - Agency Reports/Action
 - Submitted Annual Pollution Prevention (P2) Plan Progress report to the Texas Commission on Environmental Quality (TCEQ)
 - Received back from TCEQ confirmation from our 2015 NOx Cap and Trade Report and the University has 6.4 tons of NOx allowances available to sell
 - Filed required paperwork with the TCEQ for the two new tanks associated with the emergency generators at the MRE Building
 - Ongoing Compliance Activities
 - Institutional Animal Care and Use Committee Semi-annual inspections
 - Institutional Animal Care and Use Committee – 3
 - Institutional Compliance Committee
 - Radiation Safety Committee
 - Laboratory Safety Audits – Ongoing
 - Shop Safety Audits – Ongoing
 - Chemical Waste Shipment – 3
 - Biological Waste Shipment – 16
- UIT Security
 - Sensitive Data Protection
 - UIT Security and the Office of Contracts Administration worked together to implement a process to ensure that information security considerations are addressed as part of the contract review process for engagement of any services that involve the external hosting of UHS data.
 - Work is continuing with the Division of Research regarding establishment of a framework for information security compliance for UHS research initiatives.
 - IT Security and the Office of General Counsel are working together to draft an Employee Data Use Agreement required by Texas Senate Bill 1877. Acknowledgement of this agreement will be included in the mandatory training required for all UHS employees, as well as New Hire Orientation.
 - Information Security Notes

- UHS ISOs have been working collaboratively on several System security initiatives. The peer review process to assess the program elements and effectiveness of the Information Security Programs on each campus has begun and is expected to conclude by the end of the calendar year.
- SAM 07.A.03 was approved in June, addressing UHS-wide information security governance.
- All UHS campuses are working on the biennial information security plan required by Texas Senate Bill 1597 to be submitted to DIR by October 15, 2016.
- UH College and Division ISOs met monthly throughout the quarter and made progress on several campus security initiatives.
- UIT Security hosted workshops for UH information security officers throughout the quarter. The workshops covered compliance requirements and ISO roles and responsibilities as defined in MAPP 10.03.06, as well as topics related to sensitive data protection.
- UIT Security engaged the faculty of the UH College of Technology Center for Information Security Research and Education to conduct a three-day Information Security Foundations course for UHS/UH Information Security Officers.
- UIT conducted the annual exercise of the Continuity of Operations Plan and updated the plan as appropriate.
- At the direction of the Office of General Counsel, UIT Security processed five new litigation holds in the last quarter. No litigation hold cases were closed. There are currently 39 active litigation holds.
- At the state level, UIT Security staff participated in multiple DIR hosted meetings of the Info Sec Working Group and Network Security Operations Center, as well as attended the annual Information Security Forum.
- During the quarter, UIT submitted separate monthly IT security reports to DIR for UH and UH System.
- Red Flag Rule Notifications

Employees and students receive an automated email notification when their email address, physical address, W-4 withholding, or direct deposit information is changed in the system. Between April 1, 2016 and June 30, 2016, a total of seven inquiries were reported to University IT Security. The breakdown of reports by campus is as follows: UH-Victoria – 1, UH-Downtown – 0, UH-Clear Lake – 0, UH – 6. One of the reported inquiries was identified to be a security incident involving an unauthorized email address change.
- UH Finance

The UH Controller met with Business Services staff in the Facilities Department to review procedures for updating the Legislative Budget Board (LBB) contract database. The UH Controller and Purchasing Director selected an applicant to fill the new Contracts Analyst position, who will be responsible for contract monitoring and reporting on contracts greater than \$1 million. The Contracts Analyst will start in July 2016 and report to the Purchasing Director.

UHCL:

- The UHCL compliance committee meeting was held April 13, 2016. Each member chose one topic from their area to nominate for evaluation. Committee members determined:
 - Four informational topics to report back on existing audits/systems in place:
 - Remodeling & Construction Safety
 - DIR Computer Security Standards, (Texas Administrative Code) TAC 202, reporting
 - Office of Sponsored Programs (OSP) Cost Accounting Standards, reporting, peer audit anticipated December, 2016
 - Students lab safety training implemented
 - Two topics to complete Risk Assessments on:
 - Student Travel – International and Domestic
 - Contract Administration – with new hire in September
 - Two campus-wide topics to evaluate existing policies, oversight of, compile and train on:
 - Copyright laws
 - Consumer Information
 - Future changes to the Fair Labor Standards Act for overtime, anticipated to be effective December 1, 2016.
- AVP Facilities Management & Construction
 - 30 Safety and continuing education trainings and meetings, including AVP attendance at Facilities Forum for Higher Education conference, Texas Association for Physical Plant Administrators (TAPPA) 2016 conference for directors, and four HVAC technician certification classes.
 - All Facilities employees attended Driver's Safety Training hosted by SORM.
- AVP Finance
 - Participation in the New Student Orientation programs and Student Orientation, Advising, and Registration (SOAR) held during the months of May and June, 2016. Presenting, assisting and educating students on Financial Aid, Tuition and Fees options, payment plans, payment methods and other student business services offered.
 - Finance Division continues to offer trainings related to Procurement, Accounts Payables and travel, Asset Management Property Custodian training, P-Card training, Contract Administration and various statewide application used for financial reporting.
 - Procurement staff members participated and received their continuing education credits for their Certified Professional Purchasing Manager (CPPM) certification by attending the National Association of College Auxiliary Services (NACAS) conference, Lone Star conference, Texas Universities Historically Underutilized Business (HUB) Coordinators Association (TUHCA), Strategic Procurement Planning workshop and P-Card Fraud Prevention Seminar to keep up with the updates

on rules and regulations regarding the procurement, contracts, P-card and HUB programs.

- Two staff members successfully passed the Texas Purchasing examinations and are now ‘Certified Texas Purchaser’ and Certified Texas Purchasing Manager’ respectively.
 - UHCL sponsored an annual HUB Fair to promote HUB’s to the University departments and the community. Educated university community via procurement training on information regarding how to find HUB’s, contact them for a quote and use when possible.
 - Business Services staff attended and participated in various safety trainings (Warehouse Safety Training, Safety Driving class, Avoid ‘Slips, trips and falls’), MSMA (Mail Systems Management Association) to improve the mail services area with newer technology, and administrative professional conferences.
 - Updated and communicated the written guidelines for cost center reconciliations and review with the changes made to SAM 03.G.03 to Sr. Business Coordinators and PS Finance community.
 - Updated the developed written UHCL Scholarship guidelines for general and departmental scholarships under the purview of Financial Aid Office. Communicated the same to all the schools and the Senior Business Coordinators.
 - Successfully developed a “Gifts to employees and non-employees of the university” guidelines with easy access to online fillable forms (Gift Request form, and Acknowledgement for receipt of gift certificates/cards) in accordance with SAM 3.D.06. Shared and educated Senior Business Coordinators on the gift guidelines.
 - Procurement and Payables, General Accounting, Business Services, Student Business Services and Finance successfully completed the Omni Update conversion.
 - Successfully completed 22 departmental review audits conducted by UH Internal Audit with minimal instances of non-compliance items that were rectified.
- AVP Information Resources, IT Security Officer (ISO)
- Participated in UHS TAC 202 Audit
 - Audit completed April 27, 2016
 - UHS auditors submitted the audit distribution to all relevant parties.
 - Findings highlighted two major issues:
 - Lack of TAC 202-related policy and procedural documentation.
 - Positioning of the ISO in University Computing & Telecommunications (UCT) was deemed inappropriate.
 - The ISO has taken the following remediation actions for the documentation issue:
 - Canvassed the other UH system campuses to learn how their documented policies and procedures are organized.
 - Met multiple times with the CISO of UH System and their policy specialist to review our remediation plans.
 - Developed and refined software to organize policy and procedural documents and to link specific policies and procedures to their associated TAC 202 controls.
 - Developed a policy/procedure framework to house the policies and procedures that is consistent with the organizational method used by the other campuses.

- Began to populate policies and procedures within the framework and used the application software to link them to their associated TAC 202 controls.
- Out of the 282 individual TAC 202 security controls
 - 39 controls have a due date of February, 2015
 - 64 controls have a due date of February, 2016
 - 24 have a due date of February, 2017 and
 - 155 have not yet been assigned a due date.
- After one month of effort, by June 14, 2016, policies and procedures have been drafted for:
 - 90% of the controls due February, 2015
 - 22% of the controls due February, 2016
 - 25% of the controls due February, 2017
 - 20% of the controls that do not have a due date specified.
- Once policies and procedures have been drafted for all 2015, 2016 and 2017 controls, the ISO and UCT Directors will perform final edits to confirm that the policies and procedures are consistent with current practices.
- Developed the University's first Information Security Website that provides information about security awareness, best practices, the Information Security Program, and will house the policies, standards and procedures being developed once approved.
- Provided security advisory services to ten University departments.
- Began working with departments that accept payments via credit or debit card as they update and submit their Payment Card Industry Data Security Standard (PCI-DSS) assessments for this year due in August.
- At the request of the UHCL Police Department, attended Criminal Justice Information Services security training and was certified to work with Police Department systems.
- Participated in a UHS ISO conference call regarding plans for a peer review effort where all campus ISOs will evaluate the maturity of each other's information security program using TAC 202 and the National Institute of Standards and Technology (NIST) criteria.
- Submitted Department of Information Resources (DIR) Monthly Security Reports for April, May and June, 2016.
- Risk Management, Environmental Health & Safety
 - State Office of Risk Management (SORM) Inspection (June 8 – 9, 2016), to follow-up on last year's campus wide inspection, and worker's compensation claims. Leading cause of claims (FY 2012 – 2016) are from slip/trip/falls. Injury Frequency Rate is lower, but severity of injuries was higher in FY 2016. Corrective action measures include: emails warning about slip/trip falls and increase of mats and umbrella holders. Will work with custodians to provide slip resistant shoes. SORM also requested an increase in various types of fire & life safety inspections.
 - SORM Driving Safety Training conducted
 - Blood borne pathogens training conducted for new hires
 - General Lab Safety training via blackboard administered to students in labs

- Laser Safety Committee Review meeting conducted, with user refresher training, class IIIB laser inventory review, annual lab audit
 - State Radiation Safety Program Inspection held on April 1, 2016; no findings
 - Chemical lab waste pickup
 - Medical waste pickup
 - Fall protection installed on Delta Mechanical Building
 - Installing and testing lab management software system, EHS Assist
 - Purchased online Biosafety training modules through CITI for animal care and biotechnology lab use.
- Animal Care
- UHCL has not been AAALAC accredited since February. Primarily due to facility maintenance with cage washer and HVAC system imbalance. Estimated corrective action date September 1, 2016.
 - Contract renewal agreement for UT-Health Science Center service for Occupational Health in progress.
 - PETA protesting psychological testing methods. Situation was handled through UH-Legal.
 - Additional Biosafety training opportunities provided by CITI through OSP and Risk Management partnership.
 - Incorporate Animal Care protocols into newly purchased Onsite system software. Estimated completion date December, 2016.

UHD:

- Institutional Compliance
- UHD had their quarterly Compliance Committee Meeting on June 23, 2016. Items on the agenda included:
- Opening comments from the Vice President for Administration and Finance and Compliance Officer; FY 2016 Compliance Goals update by Compliance Officer, Director of Information Technology Security and Compliance and the Director of Emergency Management; Institutional Level Risk Reports by Subject Matter Experts (exception reporting only); and open conversations regarding compliance related issues and points of clarification; and
 - Updates given by Subject Matter Experts on the two institutional level risks identified in the FY 2016 risk assessment.
- President Michael Olivas hosted a June 13, 2016, webinar on “Complying with Title IX and Promoting Academic Freedom, Is This Possible.” Fifty-four faculty and staff employees attended the session. Dr. Richard Baker, Title IX Coordinator and Assistant VC/VP for Equal Opportunity Services at UH, Jennifer Bloom, Senior Assistant General Counsel, and Tommy Thomason, Student Conduct Officer/Title IX Coordinator took questions from the audience following the webinar.

- Compliance Officer and one member of the Institutional Compliance Committee attended the June 5 – 8, 2016, Higher Education Compliance Conference.

- Information Technology
 - FY 2016 Risk Assessment – FY 2016 Risk Assessment and System User Access Reviews has been completed, signed and approved for all critical systems.
 - Texas Administrative Code (TAC) 202 FY 2016 Security Control Catalog – Review of the new FY 2016 security controls has been completed.
 - Annual Payment Card Industry (PCI) Compliance – Completed questionnaire for annual PCI Compliance for all UHD Merchants. Questionnaire submitted to UHS Treasurer.
 - Electronic and Information Resources (EIR) Accessibility Survey – UHD has completed the EIR Survey and submitted to the Texas Department of Information Resources (DIR).
 - IT Security Office
 - Submitted DIR Monthly Security Reports for April, May, and June, 2016
 - Held meeting at UHD to discuss and develop requirements of UHS Information Security Program Peer Review
 - Attended the DIR Information Security Forum in Austin, Texas on April 13 – 15, 2016
 - Participated in DIR’s Information Security Working Group April Monthly Meeting – on April 8, 2016
 - Participated in DIR’s Information Security Working Group May Monthly Meeting – on May 6, 2016
 - Participated in DIR Monthly Webinar – Detecting Attacks with User and Entity Behavior Analytics – April 12, 2016
 - Participated in the April DIR Network Security Operations Center state-wide security operations meeting on April 28, 2016

- Emergency Management
 - Emergency Management Plan (EMP) and Annex reviews
 - Tax Day Flooding After-Action Review prompted changes in decision making process for closing the campus in relation to advance severe weather events. Sources of information and streamlining the conference call process will be included in the Severe Weather Annex.
 - Houston Downtown Management District (HDMD) held a Hurricane Workshop on May 25, attended by UHD’s Director of Emergency Management. Resulting updates to the Severe Weather Annex will identify and communicate essential personnel prior to landfall of a hurricane and approved personnel for re-entry to HDMD.
 - The Emergency Notifications Annex is being updated to include emergency alert specific Twitter account “UHD_Alerts” which can be followed *without* having a Twitter account by using the “Fast Follow” option. This allows the public to receive direct text messages related to emergency alerts with options to pause or stop receiving at any time.

- Training
 - UHD Emergency Management personnel attended regional training for Incident Command System (ICS) Unified Command. This training focused on coordinating response and recovery efforts with local response partners.
 - UHD Police and Emergency Management attended the following trainings:
 - Fusion Center for training in process of intelligence sharing
 - Site Protection through Observational Techniques training on concepts in future training for staff and faculty
 - FBI sponsored Law Enforcement Crisis Media Communication Exercises
- Exercises
 - Conducted a lockdown drill on new installations with One Main Building, which included a test of the Cooper Notification System. Opportunities for improvement were noted and are being addressed. The notification system vendor has advised that the platform is changing from Cooper to Everbridge. This places a hold on changing from PIER to a new system.
 - UHD participated in the Greater Houston Area Local Emergency Planning Committee (LEPC) Hazardous Chemical Release Tabletop.
- Business Continuity Plan (BCP)
 - Emergency Management met with university division heads to discuss guidance and use of UH developed template for business continuity planning. The divisions are currently transferring information from the 2012 BCP to State Office of Risk Management (SORM) compliant BCP structure and format.

UHV:

- UHV held their quarterly Compliance committees meeting on April 27, 2016, minutes are posted on website. <http://www.uhv.edu/compliance/committee/meetings/>
- Administrative policies (6) updated this quarter are posted on the website at the following link: <http://www.uhv.edu/fin/policy/policiesprocedures.aspx>
- The departments reporting compliance activities are:
 - Business Services – Online submission of contracts over \$14,000 reported to the Legislative Budget Board (LBB) as required during the quarterly reporting period.
 - Finance – Create new instant refund check procedures for student financial aid refunds to comply with new Department of Education refunding requirements effective July 1, 2016.
 - Tech Services – Information Technology Security is still completing the first internal Risk Assessment covering information storage. Per state and system guidelines, this covers all information, both digital and paper. Awaiting responses from departments. Conducting review of policies for upcoming renewal.

- Emergency, Safety and Risk Management
 - Monthly fire extinguisher inspections, including correction of deficiencies were conducted for months of April, May and June.
 - State Fire Marshal's Office Follow-Up Compliance Inspection – April 11, 2016:
 - Compliance requirements completed – April 14, 2016
 - Acknowledgement sent by SFMO – Christopher Beasley
 - Next audit- Main Campus – Slated 2017
 - Annual Fire Safety Audits – UHV Campus:
 - Center, West, North Building
 - Projected Audits for Residence Halls and Kitchen – July, 2016
 - New construction audit for UHS Katy Campus – June 28 UHV Emergency, Safety & Risk Manager met with contractor and Nathan Green, Assistant Fire Marshal, UH Sugar Land campus.

- Training Activities Reported
 - Finance presented One on One new hire trainings offered between April 4, 2016 and June 30, 2016 – six employees; One on One PeopleSoft Applications Trainings offered between April 5, 2016 and June 30, 2016 – 30 employees; One on One Trainings on Various Applications offered between May 24, 2016 and June 22, 2016 – five employees; Year End Finance Q&A Meeting – June 15, 2016 – 40 employees.
 - Financial Aid employees participated in multiple webinars and off campus training sessions: Texas Regional Training: April 12, 2016 – three employees; PeopleSoft Query for Functional Users: May 5, 2016 – one employee; Certifying in Elm One: May 18, 2016 – one employee; Student Loan Repayment Options: May 18, 2016 – one employee; BankMobile training: June 10, 2016 – one employee. New Aid Officers Workshop, Arlington, Texas: May 23 – 25, 2016 – two employees; Student Loan Deferment & Forbearance Options: May 25, 2016, one employee.
 - Human Resources: New Employee Orientation sessions: April 14, 2016 – eight employees. Departments participating include: President, Human Resources, Athletics, Business Services Compliance Office, Campus Safety and Risk, Counseling Center, Marketing / Web Services, Police, Registrar, Technology Services, Title IX – Sexual Misconduct, Training and Development, and University Advancement.
 - Emergency, Safety & Risk: Manager attended and completed various compliance trainings through the Emergency Management Institute (EMI), State Office of Risk Management (SORM), Federal Emergency Management Agency (FEMA); Texas Commission on Law Enforcement and the Greater Houston Local Emergency Planning Committee. Also offered Fire Suppression Systems training to the Aramark dining services staff managing the residence hall kitchen.

Annual Compliance Plan for FY 2017

UH/UHS:

- **UH/UHS FY 2017 Goals**
 1. Develop further strategies and practices to complement Title IX initiatives.
 2. Implement Policy developed to comply with the campus carry law.
 3. Revise and update Emergency Management Plan Policy (MAPP).
 4. Finalize UH Institutional Compliance and Ethics Policy.
 5. Continue to evaluate each identified risk for potential impact on UH/UHS and probability of occurrence in each risk area.
 6. Identify critical institutional compliance and ethics risks.
 7. Continue to build compliance consciousness into daily business processes by providing compliance training to the UH compliance committee members.
 8. Update training programs appropriate for the education of employees with respect to compliance issues related to their job function.

UHCL:

- **UHCL FY 2017 Goals**
 1. Creation of a compliance committee member guidance manual to compliment the employee compliance manual, and assist new and ad hoc members with the purpose and goals of the compliance committee and assist in the Risk Assessment process.
 2. Review and report back on committee goals for the year which include one topic from most member's areas: four informational topics to report back on existing audits/systems in place, two topics to complete Risk Assessments on, and two campus-wide topics to evaluate and compile existing policies and oversight.
 3. Investigate all reports of non-compliance and respond as necessary.
 4. Improve employee awareness of compliance requirements and ethical behaviors through risk assessments, improved quarterly reporting and employee encouragement.

UHD:

- **UHD FY 2017 General Compliance Goals**
 1. Meet quarterly with Compliance Committee and review reports on high level risks.
 2. Complete FY 2016 risk assessment to mitigate and monitor identified institutional level risks.
 3. Respond to/investigate all reports of non-compliance.
- **UHD FY 2017 IT Compliance Plan Goals**
 1. Conduct Annual Risk Assessment Updates for All IT Systems
 2. Manage and Monitor IT Risks
 3. Manage FY 2017 TAC 202 Requirements
- **UHD FY 2017 Emergency Management Goals**
 1. Write new/update existing emergency management policies related to the phases of mitigation, planning, response and recovery.
 2. Write Memorandums of Understanding, Mutual Aid Agreements and Inter-local Agreements with external response partners and entities in accordance with State requirements (SAO 09-009 Report, and TDEM State Planning Standards).

3. Expand National Incident Management System/Incident Command System training to include personnel involved in mitigation efforts, planning for scheduled events and no-notice incidents, and activated in response/recovery roles.
 - Add training for personnel that will act within evacuation safety roles.
 - Test capabilities by performing drills and exercises.
4. Complete the process of updating UHD's Business Continuity Plans.

UHV:

■ UHV FY 2017 Goals

1. Conduct required campus compliance activities including scheduling of quarterly compliance meetings; compiling quarterly compliance activity reports; posting of meeting minutes and reports on compliance website; keeping UHV Administration informed of compliance related issues and activities.
2. Respond to and investigate reports of fraud and other compliance issues on a timely basis.
3. Departmental review and updating of external compliance activities on the Master Risk Matrix.
4. Complete a departmental based self-assessment survey and signature acknowledgement regarding compliance with campus and system policy/procedures to promote awareness of compliance related responsibilities.

Don F. Guyton
System-wide Compliance Officer
July 13, 2016

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

COMMITTEE: Audit and Compliance

ITEM: Report on External Audit Report – Texas Comptroller of Public Accounts Post Payment Audit of the University of Houston System Administration, FY 2015

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

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

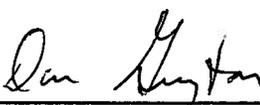
The Texas State Comptroller's Office audited a sample of University of Houston System Administration payroll, purchase, and grant transactions that processed through the Uniform Statewide Accounting System (USAS) during the period of September 1, 2014 through August 31, 2016. The purpose of the audit was to determine compliance with applicable state laws. There were no significant issues identified during the audit.

SUPPORTING DOCUMENTATION: External Audit Report – Texas Comptroller of Public Accounts Post Payment Audit of the University of Houston System Administration, FY 2015

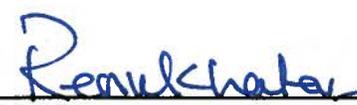
FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



CHIEF AUDIT EXECUTIVE Don Guyton **DATE** 8/8/16



CHANCELLOR Renu Khator **DATE** 8/19/16