

**UNIVERSITY OF HOUSTON SYSTEM**  
**AUDIT AND COMPLIANCE COMMITTEE**  
**Wednesday, February 10, 2010**  
**10:45 a.m. – 12:00 Noon**

---

## AGENDA

---

### UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

**DATE:** Wednesday, February 10, 2010

**TIME:** 10:45 a.m.

**PLACE:** University of Houston  
Melcher Board Room 100B  
Athletics/Alumni Center  
3100 Cullen Boulevard  
Houston, Texas 77204

---

**Chair:** Jacob M. Monty  
**Vice Chair:** Nandita V. Berry  
**Members:** Mica Mosbacher  
Welcome W. Wilson, Sr., Ex Officio

---

#### AUDIT AND COMPLIANCE COMMITTEE

- A. Call to Order
- B. Review and Approval of Audit Report and Financial Statements,                      AUDIT – 1  
University of Houston Charter School, FY 2009 – University of Houston
- Action:** Approval
- C. Institutional Compliance Status Report for the Three Months                      AUDIT – 2  
Ended December 31, 2009 – UH System
- Action:** Information
- D. External Audit Reports – UH System                      AUDIT – 3
- UH Athletics Department Independent Accountants' Report on the Application of Agreed-Upon Procedures for Year ended August 31, 2009 (excerpts)

**Action:** Information

- E. Internal Audit Report – Briefing Booklet – UH System AUDIT – 4
- Action:** Information
- F. Board of Regents Internal Audit and Institutional Compliance Policies – UH System AUDIT – 5
- Action:** Information
- G. Certification of Annual Financial Statements – UH System AUDIT – 6
- Action:** Information
- H. Adjourn

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

**COMMITTEE:**        Audit & Compliance

**ITEM:**                Review and Approval of Audit Report and Financial Statements, University  
                             of Houston Charter School, FY 2009

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**

Approval is requested for the Audit Report and Financial Statements of the University of Houston Charter School for Fiscal Year 2008. Certification of the audit and financial information by the Board is required by the Texas Education Code, Title 2, Chapter 44, Section 44.008(d).

**FISCAL NOTE:**

**SUPPORTING DOCUMENTATION:**        Audit Report and Financial Statements of the UH Charter School for FY 2009 and Texas Education Agency required Certification Form (under separate cover)

**ACTION REQUESTED:**                Approval

**COMPONENT:**                        University of Houston System

\_\_\_\_\_ *Don F. Guyton* \_\_\_\_\_ 1/22/10  
**CHIEF AUDIT EXECUTIVE**                        Don F. Guyton                        **DATE**

\_\_\_\_\_ *Renu Khator* \_\_\_\_\_ 2/2/10  
**CHANCELLOR**                                        Renu Khator                                        **DATE**

UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA

COMMITTEE: Audit & Compliance

ITEM: Institutional Compliance Status Report for the Three Months Ended  
December 31, 2009

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

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


FISCAL NOTE:

SUPPORTING DOCUMENTATION: Institutional Compliance Status Report

ACTION REQUESTED: Information

COMPONENT: University of Houston System

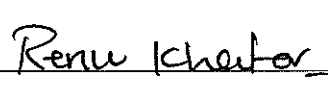
CHIEF AUDIT EXECUTIVE

  
Don F. Guyton

DATE

1/22/10

CHANCELLOR

  
Renu Khator

DATE

2/2/10

**UNIVERSITY OF HOUSTON SYSTEM  
INSTITUTIONAL COMPLIANCE STATUS REPORT  
For the three months ended December 31, 2009**

Institutional compliance activities at each university during the three months ended December 31, 2009, 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	0	0	0	1
Compliance Audits Conducted	163	0	12 <sup>(1)</sup>	5
Compliance Committee Meetings Held	2	1	1	1
Risk Mitigation Implemented:				
Specific Control Activities (pol. & proc.)	11	0	2 <sup>(2)</sup>	20
New Training Program / Activities	27	0	0	25
Hot-line Reports:				
Number Received during last 3 months	6	0	1	0
Reports Resolved during last 3 months	7	0	1	0
Unresolved Reports as of Dec. 31, 2009	4	0	1	0

(1) (2) Instituted new unannounced cash audits of the vault and cash drawers (12 Audits conducted 0 failure)

(2) Instituted new random checks of Cashier Computers to ensure access is locked when unattended: 11 checks conducted - 0 failures.

**UHS:**

A system-wide meeting of the Institutional Compliance officers was held on October 8, 2009, to discuss institutional compliance activities. Included on the meeting agenda were the following:

- Open points from previous meeting
- Review of Reports to be presented to the Audit and Compliance Committee on November 5, 2009
  - Institutional Compliance Status Report for the three months ending September 30, 2009
  - Identity Theft Prevention Program – Executive Summary
  - Annual Fraud Prevention Report
- Cooperative Problem Solving – Sharing of Ideas (discussion by all compliance officers of major concerns / accomplishments)
- Presentation by Mike Glisson
  - Fraud Risk Assessment Survey
  - Certification Letter for Financial Statements
- Presentation by Joan Nelson

- Draft of SAM to create an Institutional Compliance Policy for UHS
- Mandatory Training Update
- Presentation by Rosemary Grimmet
  - COGR August 2009 Update

Following are the training statistics for FY 2009 and FY 2010 as of January 12, 2010:

**Mandatory Training Completion Stats (All Campuses)**

	FY 09	FY 10
UH Clear Lake Total	93.28%	93.43%
UH Downtown Total	93.54%	90.47%
UH Main and System Total	92.42%	93.93%
UH Victoria Total	98.80%	97.41%
Total (All Campuses)	92.85%	93.64%

**UH:**

Division of Research

- The Division of Research conducted a half day workshop for faculty on October 9, 2009. Information on how to locate funding, submit proposals, requirements for accepting awards, compliance with federal regulations, internal grants and dealing with intellectual property were discussed.
- The Division of Research hosted a half day Research Administrator Certification class for UH business staff entitled “Overview of Contracts and Grants” on October 13, 2009.
- The Division of Research hosted a half day Research Administrator Certification class for UH business staff entitled “Introduction to Proposal Submission” on November 10, 2009.
- The Division of Research provided funding for college research administrators to attend a three day training workshop (December 2-4, 2009) delivered by the National Council of University Research Administrators entitled “Sponsored Program Administration II.”
- The Division of Research hosted a half day Research Administrator Certification class for UH business staff entitled “Cost Principles and Cost Accounting” on December 8, 2009.

Environmental Health and Risk Management

- *Training*
  - General Laboratory Safety
  - Hazard Communication (2 Times)
  - Biological Safety (2 Times)
  - Bloodborne Pathogens
  - Bloodborne Pathogens Refresher
  - Principal Investigator Recombinant DNA (4 Times)

- Radioactive Material Safety
- Radioactive Material Safety Refresher
- X-ray Safety
- X-ray Safety Refresher
- Laser Safety
- Laser Safety Refresher
- Chemical Standard Operating Procedures (4 Times)
- Annual SPCC Plan Briefing
- *Regulatory Inspections*
  - Radioactive Material Broad Scope License State Inspection
  - Drug Enforcement Agency Controlled Substances & Dangerous Drugs Program Review

#### Public Safety

- On December 16, 2009, the UHDPS Training Advisory Board met as required by the Texas Commission on Law Enforcement.
- On November 18, 2009, the UHDPS police officers completed their annual firearms qualification as required by the Texas Commission on Law Enforcement and the Occupations Code; Section 1701.355 Continuing Demonstration of Weapons Proficiency.

#### Information Technology

- TAC 202 Compliance Activities:
  - Completed documentation of the classification of University data using current guidelines based on the sensitivity/criticality levels of the University's information systems.
  - Facilitated University-wide coordination and planning with college/division IT resources by developing technical guidelines and reference materials to help ensure IT resources are adequately managed at the college/division level, including compliance with TAC 202. Posted primary documentation of Best and Essential Practices on the IT website, established Listservs for IT roles as defined in MAPP, and scheduled coordination meetings with designated college/division Information Resource Managers and Information Security Officers.
  - Updated system settings for password complexity and login banners as required by TAC 202 and enabled auditing of changes to password policy settings in order to meet industry best practices.
  - Reviewed and updated language where appropriate in the Information Resources Security and Operations Manual for compliance to TAC 202
- Completed institutional Fraud Risk Survey
- Submitted the University of Houston / University of Houston System Information Resources Deployment Review (IRDR) online survey with accompanying inventory of major databases to the Texas Department of Information Resources (DIR)

#### Finance

In October 2009, 143 UH departments completed the annual online Department Fraud Risk Survey to identify internal controls within their department that need to be strengthened in order to prevent and detect fraud. In addition, 11 processing units and other offices that have a far reaching effect on campus operations (Purchasing, Payroll, Information Technology, etc.) completed an Institutional Fraud Risk Survey to identify procedures within their unit that may



need improvement. The fraud risk surveys are completed annually to remind administrators and unit heads of their responsibilities, so that they remain vigilant in fraud prevention and detection.

#### HR

- OFFCCP Compliance Review (I-9 Audit) - On December 10, 2009, HR received a notice from the U.S. Department of Labor, Office of Federal Contract Compliance Programs (OFCCP) that we had been selected for a compliance review of I-9 and VETS-100 reporting. We are in the process of responding to the desk audit phase of the review and our deadline originally was January 10, 2010. We requested an extension due to the winter break and closure of the university. We received approval of the extension and our new submission deadline is February 10, 2010.
- H-1B Audit Preparation - HR is working with the OGC to prepare H-1B files for potential audit as there have been numerous bulletins indicated that all employers that file H-1B petitions will eventually be audited. The number of employer H-1B audits has increased from 5,000 last year to 25,000 this year. We are coordinating with all component immigration administrators to ensure consistency across the system.

#### **UHCL:**

The University of Houston-Clear Lake Compliance Committee met on Thursday, December 3, 2009, at 3:00 p.m. in SSCB, Room 3.200.07. The Compliance Program requirements memo by Dr. Staples from October 29, 2002, was read to remind the committee of their responsibilities outlined in the memorandum. The 2010 team goals were reviewed as follows:

1. Environmental Consortium – informational progress – Lisa Coen – no changes.
2. UHCL Optimization Forms Utilization - Student Travel – Provost – Dr. Mugdh with Committee members Dr. Biggers, John Cordary and Harry Stenvall- no changes
3. UHCL Optimization Forms Utilization – Federal Funding Requirement tracking – Lee Polk and Usha Mathew – deferred till next meeting.
4. My Safety Campus marketing / awareness assignments list was updated to:

<http://prtl.uhcl.edu/portal/page/portal/RSK/Risk%20Management>

Contacts with Media – Theresa Presswood

Contact with Government Agencies & Outside Investigators – Harry Stenvall

Records and Information – Katherine Justice

Workplace Conduct and Employment Requirements – below

Fraud – Usha Mathew

Equal Employment Opportunity - Katherine Justice

Sexual Harassment & Sexual Misconduct - Katherine Justice

Overtime Compensation - Katherine Justice

Family and Medical Leave - Katherine Justice

Outside Employment - Katherine Justice

Financial Interest - Katherine Justice

Research – Dr. Meyers

Environmental Health & Safety – Niki Pearce

Entering into Contracts & Agreements - Patti Bozeman and Ward Martaindale

Using UHCL & State of Texas Resources – below

Use of State-Owned Property – Roger Carr

Computer Software – Roger Carr

Information Security and Confidentiality – Roger Carr and Harry Stenvall

Computer System Access and Passwords – Roger Carr

Purchasing – Debbie Carpenter

Copyright and Intellectual Property – Dr. Meyers

Political Activity and Contributions – Katherine Justice

Gifts, Gratuities & Estates – Dion McInnis and Katherine Justice

Travel – John Cordary and Harry Stenvall

Reporting Violations – Harry Stenvall

Employee Compliance in a Nutshell - remove

Training – UHS and Katherine Justice

Acknowledgements – Harry Stenvall

Compliance Committee Members – Harry Stenvall

Assigned individuals are to review the section of the Compliance Manual assigned to them for updates prior to the next meeting.

#### **UHD:**

- Quarterly Compliance Committee Meeting: (December 15, 2009)
  - Compliance Officer provided an overview of an Enterprise Risk Assessment and the challenges the Committee members face in association with this type of risk assessment. Additional research is required to determine if we use this approach. Discussion was put on hold until the next meeting.
  - Subject Matter Experts gave reports on identified institutional risk areas.
  - Reviewed actual performance versus FY10 goals reported to the BOR.
  - Committee members brainstormed/discussed the following two areas:
    1. How Do We Move Compliance Awareness into the UHD Community?
    2. FY10 Compliance Committee Goals
  - There were a number of questions and concerns surrounding the UHS responses to the MySafeCampus reports. Don Guyton has agreed to attend the next meeting to review the process and respond to questions.
  - Committee members also wanted a forum to discuss compliance issues more frequently than quarterly. A discussion board will be added to the existing Compliance portal (Vista) to facilitate discussions.
- Compliance Website Development:
  - Population of the Committee Member Portal on UHD Vista (Blackboard) is complete.

- The development of the “(Pre-Audit) Departmental Self Assessment Tools” is underway. Close to half of the documents have been forwarded to Don Guyton for review.
- The “Acknowledgement Form” for the “Employee Standards of Conduct Guide” will be placed on the UH Blackboard site to allow electronic tracking of the employees who have signed-off on reading the Guide via the same website as current mandatory training.
- Guest Speaker: (October 13, 2009)
  - UHD hosted an “Integrity Survey” presentation by Kenneth Zeko, Esq., the Director of KPMG’s Dallas Forensic Practice. Kenneth’s forensic experience includes internal and external investigations, compliance risk assessments, independent organization reviews and compliance program reviews
  - The presentation was open to all UH System employees and attended by employees from UHS, UH, UHCL and UHD. The presentation was a behind the scenes look at fraud and misconduct. Data presented included:
    - Prevalence of misconduct
    - Nature of misconduct
    - Preventing misconduct
    - Detecting and responding to misconduct
    - Perceived tone and culture
    - Impact of ethics and compliance programs
    - Meeting the regulatory challenge
- TAC 202 Compliance Review
  - The “UHD IT Policies and Procedures Manual” was updated over the summer 2009 and was approved by IT leadership in September 2009. IT staff completed a review of the manual in October and responded to a quiz/questionnaire to confirm that they reviewed and agree to comply with the procedures and standards outlined in the manual by October 29, 2009; two employees did not receive a score of 100% on the quiz by 10-31, but subsequently retook the quiz and scored the required 100%.
  - Formal procedures are in place for account access reviews at least annually for major enterprise applications (e.g., Banner, PeopleSoft HR, and PeopleSoft Finance). The application owners for these systems are managing the implementation of the procedures. Formal documentation has been developed that details the procedures. IT will continue to coordinate the maintenance of these procedures with the application owners.
  - During testing of the new password standards, UHD identified a conflict involving inconsistent options available for password standards between our two LDAP application services. The conflict forces us to redesign the process. We are currently reviewing options to resolve the action item and expect to define a solution by February 2010. The new target date for completion of this action item is 8-31-10.
- IT Risk Management Plan
  - Business Continuity Plans are currently being updated to address UHD Risk Management Plan (RMP) Action Item No. 1 (to implement additional controls that limit the potential for problems associated with the inherent risk of “System interruptions limit ability to provide services; reliance on electronic systems for day to day business operations”) (Due 1/2010) UHD IT worked on IT business continuity

- plan (BCP) updates and has assisted in initiating University-wide BCP activities on track for completion in January 2010.
- Training content pertaining to the proper handling, storage, and distribution of sensitive data has been developed and implemented to address RMP Action Item No. 2 (to implement additional controls that limit the potential for problems associated with the inherent risk of “Contains or transmits highly sensitive and personal information”) (Due 1/1/2010; Completed 10/7/2009) UHD developed and provided the content for the updated UHS Mandatory IT Security training in August 2009. The mandatory training period was during Fall 2009 and the updated content was included in the training by UHS.
  - Enhanced security measures have been introduced to address RMP Action Item No. 4 (effectively nullifying adverse affects from “Database vulnerabilities for open entry web forms”) (Due 9/2009) All open entry web forms had previously been removed from the UHD website to support security best practices. During a subsequent routine check of the UHD website on October 1, 2009, a new open entry form for graduation video orders was identified and immediately removed for remediation. A mandatory access filter requiring human readable text entry to gain access to the form was implemented and the form was then reintroduced. All open entry web forms introduced in the future will have this required access filter or other appropriate controls.

#### **UHV:**

The quarterly campus compliance meeting was held October 28th, 2009 (minutes posted online at <http://www.uhv.edu/compliance/meetings.aspx>) *Notable* compliance news for the quarter included:

- No hotline or other reports of fraud were received during the quarter.
- Various audits and audit related follow-ups were ongoing including an Internal Auditing review of the Financial Aid Pell Grant program, a follow-up by the state on previous findings of a federal Financial Aid audit. Also, a post-payment audit questionnaire involving purchasing, travel, and payroll transactions was submitted to the State Comptroller, Department of Fiscal Integrity, in December.
- The annual departmental fraud survey was opened in early December. All department heads are required to complete the survey which reviews internal controls and compliance with various policies and procedures and sign an acknowledgement. The survey will be open until January.
- Campus credit card merchants continued to work towards PCI compliance. The remaining compliance issue involves the UHV Online Store. The IT department is working to bring the site into compliance within the required timeline.
- Four departments, including Student Solutions, Admissions and Records, the Bursar’s Office and IT, either completed or updated their written internal Red Flag Identity Theft procedures.
- The university-wide employee photo ID/access card program was implemented in December. All employees, including faculty, staff and student employees, are expected to wear the new photo IDs.

- In November, the Southern Association of Colleges and Universities (SACs) approved the University's Substantive Change Proposal for Downward Expansion initiated by the Provost's Department.
- During the quarter, the Provost's Department engaged a consultant to review the campus research and sponsored programs administration processes, including the pre and post award processes and general administration of research and sponsored programs. The review was completed in December.

The information in this summary is taken from a more comprehensive campus report of compliance activities. To view the full report, (available on-line after January 11<sup>th</sup>), see: <http://www.uhv.edu/Compliance/manual/reports.aspx>, click "Quarterly Report, Period Ending December 31, 2009".



---

Don F. Guyton  
System-wide Compliance Officer  
January 13, 2010

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

**COMMITTEE:** Audit & Compliance

**ITEM:** External Audit Report

- UH Athletics Department Independent Accountants' Report on the Application of Agreed-Upon Procedures for Year ended August 31, 2009 (excerpts)

**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.

**FISCAL NOTE:**

**SUPPORTING DOCUMENTATION:** External Audit Report (under separate cover)

**ACTION REQUESTED:** Information

**COMPONENT:** University of Houston System

\_\_\_\_\_  
**CHIEF AUDIT EXECUTIVE** *Don F. Guyton* 1/22/10  
Don F. Guyton **DATE**

\_\_\_\_\_  
**CHANCELLOR** *Renu Khator* 2/2/10  
Renu Khator **DATE**

UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA

COMMITTEE: Audit & Compliance

ITEM: Internal Audit Report – Briefing Booklet

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Internal Audit Briefing Booklet contains an Internal Audit Activity Outline and Internal Audit Reports issued since the November 5, 2009, Audit & Compliance Committee Meeting of the Board of Regents.


FISCAL NOTE:

SUPPORTING DOCUMENTATION: Internal Audit Briefing Booklet (under separate cover)

ACTION REQUESTED: Information

COMPONENT: University of Houston System

CHIEF AUDIT EXECUTIVE

  
Don F. Guyton

DATE

1/22/10

CHANCELLOR

  
Renu Khator

DATE

2/2/10

UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT

BOARD OF REGENTS  
AUDIT & COMPLIANCE COMMITTEE  
MEETING

INTERNAL AUDIT BRIEFING  
MATERIALS

February 10, 2010



**University of Houston System  
Internal Auditing Department**

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

**Internal Audit Briefing Materials**

**February 10, 2010**

**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

**University of Houston System  
Internal Auditing Department**

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

**ACTIVITY OUTLINE  
February 10, 2010**

1. Audit Reports Issued since November 5, 2009, Board of Regents Meeting
  - AR2010-08 Follow-up Status Report
  - AR2010-09 UH Honors College, Departmental Review
  - AR2010-10 UH Foundation Review
  - AR2020-11 UH Alumni Association Review
  - AR2010-12 UH Athletics, Football Attendance – 2009 Season
  - AR2010-13 UHCL School of Business, Departmental Review
  - AR2010-14 UHCL School of Science and Computer Engineering,  
Departmental Review
  - AR2010-15 UHD College of Sciences & Technology, Engineering  
Technology, Departmental Review – Follow-up
  
2. Reports in Progress (*scheduled distribution date to Board of Regents*)
  - UH Research Administration (*May 12, 2010*)
  - Departmental Reviews (UH Law Center) (*May 12, 2010*)
  
3. Fieldwork in Progress (*scheduled distribution date to Board of Regents*)
  - Departmental Reviews (UHCL School of Human Sciences & Humanities) (*May 12, 2010*)
  - Departmental Reviews (UH College of Architecture) (*May 12, 2010*)
  - Departmental Reviews (UH Division of Student Affairs)
  - Executive & Foreign Travel
  - Pell Grants (UHCL, UHD & UHV) (*May 12, 2010*)
  - Board of Regents' Travel, FY 2010
  - Chancellor / President's Travel, FY2010
  - UH/UHCL ARP Grants, 2006 Awards (*May 12, 2010*)
  - Medical Billings (*May 12, 2010*)
  - Annual External Audit - Endowments
  
4. Planning in Progress
  - Departmental Reviews (UHCL Administration & Finance)
  - UH/UHD ARP Grants, 2007 Awards
  - UH Financial Aid, Scholarships
  - Cash Handling
  - Privacy Issues
  - Athletics – NCAA Rules-Compliance
  
5. Special Projects in Progress:
  - Assistance to External Auditors – State Auditor's Office, FY 2009 Statewide Audit
  - Assistance to Management – Various Special Projects

**AUDIT PLAN STATUS, FY 2010  
AS OF JANUARY 15, 2010**

<u>AUDIT AREA</u>	<u>STATUS (See Note)</u>	<u>AUDIT AREA</u>	<u>STATUS (See Note)</u>
<u>ANNUAL AUDIT ACTIVITY</u>		<u>DEPARTMENTAL REVIEWS</u>	
Annual External Audits		UH Architecture	2
Endowments	2	UH Athletics	
Liaison	2	UH Chancellor/President	
Athletics - Football Attendance Audit	4	UH Hotel & Restaurant Management	
Athletics - NCAA Rules-Compliance	1	UH Optometry	
Board of Regents Travel, FY 2010	2	UH Student Affairs	2
Chancellor/President's Travel, FY 2010	2	UHCL Administration & Finance	1
Financial Aid (All Components)	2	UHCL Human Sciences & Humanities	2
Follow-up Reviews	2	UHD Sci & Tech - Engineering Technology, Follow-up	4
Foundations - UH Alumni Association	4	UHV Administration & Finance	
Special Projects/Police Investigations	2	UHV Provost Office	
State Auditor's Office Liaison			
Audit Assistance - General	2		
Follow-up Reports	2		
<u>ALL COMPONENTS</u>		<u>CARRYFORWARD AUDITS</u>	
Cash Handling	1	ARP Grants - 2006 Awards (UH/UHCL)	2
Executive and Foreign Travel	2	Board of Regents Travel, FY 2009	4
Financial Reporting		Chancellor/President's Travel, FY 2009	4
Student Accounting & Receivables		Foundations - University of Houston	4
		Information Security - TAC 202 (UH/UHCL)	4
		Medical Billings	2
		Privacy Issues	1
		Research - Contracts and Grants Administration (UH)	3
		Scholarships (UH)	1
		UH CLASS, Departmental Reviews	4
		UH Law, Departmental Reviews	3
		UH Honors, Departmental Review	4
		UHCL Sci and Comp Engineering, Departmental Review	4
		UHCL Business, Departmental Review	4
<u>COMPONENT SPECIFIC</u>			
ARP Grants, 2007 Awards (UH & UHD)	1		
Center for Advanced Materials (UH)			
TX Ctr for Superconductivity and Adv Materials (UH)			
<u>INFORMATION TECHNOLOGY</u>			
IT - Review and Monitor of IT Systems			
(PeopleSoft SAA - Post Implementation Review)			
Information Security (UH)			

Notes:

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

UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT

INTERNAL AUDIT REPORTS

**EXECUTIVE SUMMARIES**

REPORT NOS. AR2010-08 through AR2010-15

**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 October 1, 2009, to December 31, 2009, in all audit reports with open recommendations. This status report addresses 169 management actions in 15 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 120 of these management actions have been completed, 46 partially implemented and 3 not implemented.

**Internal Audit Report – UH Honors College, Departmental Review**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed one departmental review in the Honors College. 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 College was not in compliance with certain policies. Management developed an action plan to help ensure compliance with university policies in these areas. The action items are included in the internal audit follow-up database.

**Internal Audit Report – UH Foundation Review**

The Internal Auditing Department conducted a review of certain activities of the University of Houston Foundation (UHF). The primary objectives of our review were to determine whether the amounts recorded in the university's books and records agree with the corresponding amounts included in the foundation's audited financial statements and IRS Form 990, and to determine whether the agreement between UHF and the Board of Regents addresses the provisions of SAM 08.A.02., Private Support Organizations and Foundations. The amount recorded in the university's books and records for support received from the foundation, \$3,662,137, does not agree with the corresponding amount included in the foundation's audited financial statements and IRS Form 990 for fiscal year 2008, \$5,930,368. Some of the direct payments to the System by support organizations were not correctly classified in the university's financial system and not all payments to third parties by support organizations were recorded in the university's financial system. We recommend that policies and procedures be implemented to help ensure that all reported support provided to the System by support organizations is properly accounted for in the System's financial records.

**Internal Audit Report – UH Alumni Association Review**

The Internal Auditing Department conducted a review of certain activities of the University of Houston Alumni Association (UHAA). The primary objectives of our review were to determine

whether the amounts 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 agreement between UHAA and the university addresses the provisions of SAM 08.A.02., Private Support Organizations and Foundations. UHAA's audited financial statements and IRS Form 990 are prepared using a December 31 year-end whereas the System's financial reports are prepared using an August 31 year-end. Since audited financial statements and IRS Form 990 for the year ended August 31, 2008 were not available, UHAA's accounting personnel provided us with reports of university support for the 12 months ended August 31, 2008 indicating support of \$350,224. None of the support received from UHAA could be readily identified in the university's financial system. UH General Accounting and University Advancement are working to develop procedures to help ensure that all support from support organizations are properly accounted for in the university's financial system. We recommend the management request UHAA to change its year-end to coincide with the System's year-end.

#### **Internal Audit Report – UH Athletics, Football Attendance – 2009 Season**

The Internal Auditing Department conducted a review to certify attendance for each home football game as required by 2009-10 NCAA Bylaws. In our opinion, the average paid attendance for the 2009 Houston Cougar football home game season calculated using the terms and conditions stipulated by the NCAA exceeds the minimum attendance requirements (15,000 per game average).

#### **Internal Audit Report – UHCL School of Business, Departmental Review**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed one departmental review in the School of Business. 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 School was not in compliance with certain policies. Management developed an action plan to help ensure compliance with university policies in these areas. The action items are included in the internal audit follow-up database.

#### **Internal Audit Report – UHCL School of Science and Computer Engineering, Departmental Review**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed one departmental review in the School of Science and Computer Engineering. 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 School was not in compliance with certain policies. Management developed an action plan to help ensure compliance with university policies in these areas. The action items are included in the internal audit follow-up database.

**Internal Audit Report – UHD College of Sciences & Technology, Engineering Technology,  
Departmental Review – Follow-up**

We performed a review of the Dean of the College of Sciences and Technology at the University of Houston – Downtown during FY 2009 and determined that reoccurring administrative and financial tasks were not being completed timely in the Engineering Technology Department. As a result, we did not complete the departmental review of the Engineering Technology department at that time. We scheduled a follow-up review for the department during FY 2010. The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. 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 department was not in compliance with certain policies. Management developed an action plan to help ensure compliance with university policies in this area. The action item is included in the internal audit follow-up database.

**University of Houston System**  
**Internal Auditing Department**  
**Internal Audit Report Recommendations - Summarized by Area**  
**February 10, 2010**

REPORT NAME	Rpt. No.	Modify Policies and Procedures			Noncompliance with Guidelines			Efficiency of Resources	Contracts / Agreements	EDP / System Issues			Basic Internal Controls				Human Resources		
		UHS	Campus	Dept.	Fed./Other	State	UHS			Modif.	Security	Other	Reconcl. of Duties	Segreg. Handling	Cash Assets	Safeguard Other	Job Descr.	Training	Other
Follow-up Status Report	AR2010-08																		
UH Honors College - Departmental Review	AR2010-09						X		X				X		X				
UH Foundation Review	AR2010-10	X					X												
UH Alumni Association Review	AR2010-11							X											
UH Athletics, Football Attendance - 2009 Season	AR2010-12																		
UHCL School of Business, Departmental Review	AR2010-13						X				X		X		X		X		X
UHCL School of Science and Computer Engineering, Departmental Review	AR2010-14						X				X				X		X		
UHD College of Sciences & Technology, Engineering Technology, Dept. Rev. - Follow-up	AR2010-15						X										X		



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. AR2010-08 through AR2010-15  
**(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**

**UH, Honors College, Departmental Review - AR2010-09  
Action Plan**

<b>Est. Compl. Date</b>	<b>Responsibility for Action Name/Title</b>	<b><u>Action To Be Taken</u></b>
<b>Risk Level:    High    Medium    Low</b>		
Action Complete	Ornela Santee College Business Administrator Honors College	Deposit cash receipts from the Houston Teachers Institute timely, in accordance with university policies.
Action Complete	Ornela Santee College Business Administrator Honors College	Approve/certify procurement card expense reports by the 20th of the month, in accordance with university policies.
January 31, 2010	Ornela Santee College Business Administrator Honors College	Obtain delegated authority for all individuals who negotiate, execute, and administer contracts and procurement, in accordance with university policies.

**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**

**University of Houston Foundation Review- AR2010-10  
Action Plan**

<b>Est. Compl. Date</b>	<b>Responsibility for Action Name/Title</b>	<b>Action To Be Taken</b>
<b>Risk Level:    High    Medium    Low</b>		
August 31, 2010	Elia Cipriano Associate Vice Chancellor University Advancement	Modify SAM 08.A.02 to require the implementation of policies and procedures to help ensure that all reported support provided to the System by the support organization's are properly accounted for in the System's financial records.
August 31, 2010	Karin Livingston Director General Accounting	Implement guidelines for proper accounting for all support from support organizations.

**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**

**UH, Alumni Association Review - AR2010-11  
Action Plan**

<b>Est. Compl. Date</b>	<b>Responsibility for Action Name/Title</b>	<b><u>Action To Be Taken</u></b>
<b>Risk Level:    High    Medium    Low</b>		
March 1, 2010	Elia Cipriano Associate Vice Chancellor University Advancement	Request the support organization to change its year-end to August 31 <sup>st</sup> .

**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**

**UHCL, School of Business, Departmental Review - AR2010-13  
Action Plan**

<b>Est. Compl. Date</b>	<b>Responsibility for Action Name/Title</b>	<b>Action To Be Taken</b>
<b>Risk Level:    High    Medium    Low</b>		
January 31, 2010	Ed Altemus Senior Business Coordinator UHCL School of Business	Obtain approval for CAMP courses and fees from the President or his designee, in accordance with university policies.
Action Complete	Ed Altemus Senior Business Coordinator UHCL School of Business	Ensure that all ePARs are prepared and submitted timely, in accordance with university policies.
January 31, 2010	Ed Altemus Senior Business Coordinator UHCL School of Business	Ensure that cash receipts are deposited in a timely manner; and that checks received are made payable to the University of Houston - Clear Lake, in accordance with university policies.
January 31, 2010	Ed Altemus Senior Business Coordinator UHCL School of Business	Ensure that Procurement Card expense reports are reconciled and signed by the cardholder within three business days from the end of the billing cycle and are approved by the supervisor by the 20th of the month, in accordance with university policies.
January 31, 2010	Ed Altemus Senior Business Coordinator UHCL School of Business	Require Procurement Cardholders to complete Procurement Card Transaction Logs to keep track of expenditures made, in accordance with university policies.

**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**

**UHCL, School of Business, Departmental Review - AR2010-13  
Action Plan**

<b>Est. Compl. Date</b>	<b>Responsibility for Action Name/Title</b>	<b>Action To Be Taken</b>
<b>Risk Level:    High    Medium    Low</b>		
November 15, 2010	Ed Altemus Senior Business Coordinator UHCL School of Business	Work with University Management to update UHCL's Business Continuity Plan to include all business functions of the School of Business.
January 31, 2010	Ed Altemus Senior Business Coordinator UHCL School of Business	Transfer the scholarship cost center to the Office of Student Financial Aid.

**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**

**UHCL, School of Science and Computer Engineering, Departmental Review - AR2010-14  
Action Plan**

<b>Est. Compl. Date</b>	<b>Responsibility for Action Name/Title</b>	<b>Action To Be Taken</b>
<b>Risk Level:    High    Medium    Low</b>		
January 30, 2010	David Webb Systems Specialist II School of Science and Computer Engineering	Ensure that cash receipts are deposited in a timely manner, in accordance with university policies.
November 15, 2010	Mike MacDonald Senior Business Coordinator School of Science and Computer Engineering	Work with University Management to update UHCL's Business Continuity Plan to include all business functions of the School of Science and Computer Engineering.
January 30, 2010	Mike MacDonald Senior Business Coordinator School of Science and Computer Engineering	Work with the Office of Student Financial Aid to move scholarship cost centers under their management.
January 15, 2010	Lee Folk Assistant Director Office of Sponsored Programs	Restore deficit budgetary balances to zero or positive amounts.

**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

UHD, College of Sciences and Technology  
Engineering Technology, Departmental Review - AR2010-15  
Follow-Up  
Action Plan

<u>Est. Compl. Date</u>	<u>Responsibility for Action Name/Title</u>	<u>Action To Be Taken</u>
<b>Risk Level:</b> <b>High</b> <b>Medium</b> <b>Low</b>		
June 1, 2010	Carolyn Ivey Director Office of Sponsored Programs	Develop procedures to help ensure that, on an annual basis, all academic staff members engaging in sponsored projects are certifying their knowledge of and compliance with the conflict of interest policy of the University.

**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

## INTERNAL AUDIT REPORTS

AR2010-08	Follow-up Status Report
AR2010-09	UH Honors College, Departmental Review
AR2010-10	UH Foundation Review
AR2020-11	UH Alumni Association Review
AR2010-12	UH Athletics, Football Attendance – 2009 Season
AR2010-13	UHCL School of Business, Departmental Review
AR2010-14	UHCL School of Science and Computer Engineering, Departmental Review
AR2010-15	UHD College of Sciences & Technology, Engineering Technology, Departmental Review – Follow-up

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 October 1, 2009 to  
December 31, 2009

REPORT NO. AR2010-08

**UNIVERSITY OF HOUSTON SYSTEM  
FOLLOW-UP STATUS REPORT  
(Actions Scheduled from October 1, 2009, to December 31, 2009)**

**Board of Regents Audit Committee Meeting  
February 10, 2010**

**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 October 1, 2009, to December 31, 2009)**

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 October 1, 2009, to December 31, 2009, in all audit reports with open recommendations. This status report addresses 169 management actions in 15 individual reports. In ascertaining whether appropriate action was taken, we interviewed personnel, reviewed documentation and performed other audit procedures as necessary. We determined that 120 of these management actions have been completed, 46 partially implemented and 3 not 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, Partially Implemented*** or ***Not Implemented***. In cases where the action item has been partially implemented or not 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  
January 13, 2010

Attachment

**UNIVERSITY OF HOUSTON SYSTEM  
AUDIT REPORTS CONTAINING MANAGEMENT ACTION PLANS  
FOLLOW-UP STATUS  
FY 2010**

<u>Report Number</u>	<u>Report Date</u>	<u>REPORT TITLE</u>	<u>All Actions Complete Final Disposition Rept. No.</u>	<u>Some Actions Addressed in this Report</u>
<b><u>INTERNAL AUDIT REPORTS WITH OPEN RECOMMENDATIONS:</u></b>				
AR1999-08	02/18/99	UH, Physical Plant Department, 3rd FU		
AR 2005-25	08/03/05	Departmental Reviews		
AR2006-12	02/07/06	UH Research, Time and Effort Reporting	<b>AR2010-01</b>	
AR2006-20	05/02/06	Departmental Reviews		X
AR2006-26	08/01/06	Department Reviews	<b>AR2010-01</b>	
AR2008-08	11/15/07	UH Residential Life & Housing, Operational Review		
AR2008-17	04/28/08	College of Engineering, Departmental Reviews		X
AR2008-19	04/28/08	Educational Technology and University Outreach	<b>AR2010-01</b>	
AR2009-02	12/09/08	UH College of Technology - Departmental Reviews		
AR2009-04	12/09/08	UHD JAMP 2007 - 2008	<b>AR2010-01</b>	
AR2009-08	12/09/08	UHS Internal Quality Assurance Review of Internal Auditing		
AR2009-12	02/10/09	UH NSM - Departmental Reviews		X
AR2009-14	02/10/09	Review of Expenditures of Endowment Income, FY2008	<b>AR2010-01</b>	
AR2009-17	04/14/09	UHD College of Sciences & Technology- Dept. Reviews		X
AR2009-18	04/14/09	UH Division of Administration & Finance - Dept. Reviews		X
AR2009-20	04/14/09	UHD Information Securities Standards		X
AR2009-22	08/11/09	UHS Facilities Development Project		X
AR2009-23	08/11/09	UH College of Pharmacy - Departmental Reviews		X
AR2009-25	08/11/09	UH Athletics, NCAA Rules-Compliance	<b>AR2010-01</b>	
SP2009-05	08/11/09	Job Order Contracts		X
AR2010-02	11/05/09	UHCL TAC 202		X
AR2010-03	11/05/09	UH TAC 202		X
AR2010-07	11/05/09	UH, CLASS - Departmental Reviews		X
<b><u>EXTERNAL AUDIT REPORTS WITH OPEN RECOMMENDATIONS:</u></b>				
SAO Report #05-010	11/02/04	UH - The Protection of Confidential Information and Critical Systems		X
SAO Report #07-055	02/20/07	Federal Portion of thee Statewide Single Audit Report For the Fiscal Year Ended August 31, 2006	<b>AR2010-01</b>	
SAO Report #08-336	02/20/08	Statewide Single Audit Report, FY 2007	<b>AR2010-01</b>	
SAO Report #09-002	09/01/09	Student Fees at Selected Higher Education Institutions	<b>AR2010-01</b>	
SAO Report #09-030	03/01/09	Federal Portion of thee Statewide Single Audit Report For the Fiscal Year Ended August 31, 2008	<b>AR2010-08</b>	X
CCM #0901	01/31/09	Calhoun Lofts Residence Hall Interim Construction Audit		X

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2006-20	Departmental Reviews	1f	4	10/1/2009	Nancy Tuley Business Office Administrator Residential Life & Housing (CBO II)	UH	Restore deficit balances to zero or positive amounts and develop departmental procedures to help prevent spending funds that are unavailable.	<i>Partially Implemented – Updated Management’s Response:</i> The department has cleared 3 of the 9 deficit budgetary balances, and is working with SFA to clear the remaining 6. The department expects to complete its efforts by May 31, 2010.
AR2008-17	College of Engineering, Departmental Reviews	2b	25	12/31/2009	Rhonda Stafford Department Business Administrator, CEAC	UH	Restore deficit balance to zero or positive amount and implement procedures to help prevent spending funds that are not budgeted.	<i>Action Complete</i>
AR2008-17	College of Engineering, Departmental Reviews	4d	25	12/15/2009	Betsy Roguer Department Business Administrator Civil and Environmental Engineering	UH	Restore deficit balances to zero or positive amounts and implement procedures to help prevent spending funds that are not budgeted.	<i>Partially Implemented – Updated Management’s Response:</i> The department has a new Chair, and the new Chair and Department Business Administrator are identifying possible funding sources to clear the deficit budgetary balances and restore the budgetary balances to zero or positive amounts. The department has cleared 6 of 26 deficit budgetary balances, and expects to have the remaining 20 cleared by May 31, 2010.
AR2008-17	College of Engineering, Departmental Reviews	11c	25	11/1/2009	Kal Marchi Manager, Research Financial Services Division of Research	UH	Restore deficit grant cost center budgetary balances to zero or positive amounts and implement procedures to help prevent spending funds that are not budgeted.	<i>Action Complete</i>
AR2008-17	College of Engineering, Departmental Reviews	15c	25	12/31/2009	Pat Cooks Department Business Administrator Chemical & Biomolecular Engineering	UH	Restore deficit grant cost center budgetary balances to zero or positive amounts and implement procedures to help prevent spending funds that are not budgeted.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	2a	48	10/31/2009	Fred McGhee Director, NSM Business Operations	UH	Review information contained in its FileMaker Pro system to identify redundancies and inefficiencies that exist with the University's administrative systems and to recommend enhancements to the University's administrative systems.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	16a	48	10/1/2009	Barbara Murray Department Business Administrator Computer Science Department	UH	Restore deficit grant cost center budgetary balances to zero or positive amounts and implement procedures to help prevent spending funds that are not budgeted.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	17a	48	10/1/2009	Barbara Murray Department Business Administrator Computer Science Department	UH	Work with the Office of Contracts and Grants to close expired project cost centers and with the Budget Office to close cost centers with no activity.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	18a	48	10/1/2009	Barbara Murray Department Business Administrator Computer Science Department	UH	Modify departmental procedures to help ensure that: copies of checks are retained in a secure location for six months; and that cash receipts are deposited in a timely manner, in accordance with university policies..	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	21a	48	10/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Restore deficit grant cost center budgetary balances to zero or positive amounts and implement procedures to help prevent spending funds that are not budgeted.	<b>Not Implemented - Updated Management's Response:</b> The department has not restored the deficit balances to any of the 12 grant cost centers but it expects to do so by March 1, 2010.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	22a	48	10/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Work with the Office of Contracts and Grants to close expired project cost centers and with the Budget Office to close expired HEAF cost centers.	<b>Not Implemented - Updated Management's Response:</b> The department has not worked with the Office of Contracts and Grants to close expired project cost centers nor with the Budget Office to close expired HEAF cost centers but it expects to do so by March 1, 2010.
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	25a	48	10/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Modify departmental procedures to help ensure the use of a Termination Checklist, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	26a	48	10/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Modify departmental procedures to help ensure that cash receipts are deposited in a timely manner, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	28a	48	10/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Modify departmental procedures to help ensure that all contracts are signed by the university official with delegated contractual signatory authority, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	29a	48	10/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Update the Weglein Various Donors cost center so its name and program code reflect its current purpose of awarding ConocoPhillips Scholarships.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	30a	48	10/1/2009	Jennifer Chin-Davis Department Business Administrator Physics Department	UH	Modify departmental procedures to help ensure all Incidental and Lab fees are approved and annual fee reports are submitted to the Office Academic Budgets and Administration.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	40a	48	10/1/2009	Lilia Canas Department Business Administrator Biology and Biochemistry Department	UH	Modify departmental procedures to help ensure that accounts receivable collection efforts are documented; that collection efforts are made in a timely manner; and that records from uncollected accounts are carried forward at fiscal year end, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	41a	48	10/1/2009	Lilia Canas Department Business Administrator Biology and Biochemistry Department	UH	Restore negative fund balance to zero or positive amounts and implement procedures to prevent spending funds that are unavailable, or obtain an exception from the Chief Financial Officer for the planned negative fund balance.	<i>Partially Implemented – Updated Management's Response:</i> The department is trying to cut back expenditures and will have to subsidize some of the expenditures with one of the College's cost centers. Estimated completion date: August 31, 2010.



**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

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: <b>High</b> <b>Medium</b> <b>Low</b>								
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	45a	48	10/1/2009	Lilia Canas Department Business Administrator Biology and Biochemistry Department  Ed Glumac Research Store Manager Biology and Biochemistry Department	UH	Confer with the Executive Director of Finance and the Accounts Payable department to prioritize and schedule dates to upload the required documentation for past billing cycles and with the Accounts Payable department to help ensure all Procurement Card expense receipts are uploaded into PeopleSoft, in accordance with university policy.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	46a	48	10/1/2009	Lilia Canas Department Business Administrator Biology and Biochemistry Department	UH	Modify departmental procedures to help ensure Procurement Card expense reports are reviewed, approved, and uploaded by the 20th of the month, in accordance with university policies.	<i>Action Complete</i>
AR2009-12	College of Natural Sciences & Mathematics Departmental Reviews	47a	48	10/1/2009	Lilia Canas Department Business Administrator Biology and Biochemistry Department	UH	Modify departmental procedures to help ensure that all contracts are fully executed prior to the start date of the agreement, in accordance with university policies.	<i>Action Complete</i>
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	12b	20	12/31/2009	Jon Aoki Program Coordinator UHD Houston START Teacher AP Summer Institute  Rene Garcia Program Manager Scholars Academy	UHD	Discuss the appropriateness of charging the registration fee with the Texas Education Agency and determine the appropriate actions to take regarding allowability of the fee, including return of the funds.	<i>Partially Implemented – Updated Management's Response:</i> The department completed an analysis and identified the amount of over payments and refund amounts. The department has processed over 95% of the refunds; one refund remains to be processed. The department expects to process the remaining refund by February 15, 2010.
AR2009-17	Departmental Reviews UHD College of Sciences and Technology	7a	20	10/15/2009	Molly Woods Vice President, Academic Affairs and Provost	UHD	Change the funding source of the Executive Director's salary from the teaching budget or require the Executive Director to teach an appropriate number of classes to support the salary being paid from the teaching budget.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2009-18	Departmental Reviews UH Division of Administration and Finance	2a	21	10/1/2009	Deborah Marks Manager One Card Program	UH	Modify departmental procedures to help ensure the timely completion of all cost center verifications, in accordance with university policies.	<i>Partially Implemented – Updated Management’s Response:</i> One of two cost centers selected for review is being timely reconciled and approved. The second cost center is in the process of being deactivated; due to the complexity of deactivating the second cost center the department anticipates it will be deactivated by August 31, 2010.
AR2009-18	Departmental Reviews UH Division of Administration and Finance	3a	21	11/30/2009	Esmeralda Valdez Director Business Services	UH	Restore deficit fund balances to zero or positive amounts and implement procedures to prevent spending funds that are not available.	<i>Partially Implemented – Updated Management’s Response:</i> The department has cleared 1 of 2 deficit fund balances and expects to have the other deficit fund balance cleared by August 31, 2010.
AR2009-20	Information Security Standards	4	7	10/1/2009	Erin Mayer Executive Director Information Technology	UHD	Work with application owners of major enterprise applications to implement procedures to require an annual review of access to information resources to help ensure the authorized use of information resources.	<i>Action Complete</i>
AR2009-20	Information Security Standards	1a	7	10/31/2009	Erin Mayer Executive Director Information Technology	UHD	Modify Information Technology's policy and procedure manual to require separation of duties that are susceptible to fraudulent or other unauthorized activity.	<i>Action Complete</i>
AR2009-20	Information Security Standards	5	7	10/1/2009	Erin Mayer Executive Director Information Technology	UHD	Develop password standards based on industry best practices and update policies and procedures accordingly.	<i>Partially Implemented – Updated Management’s Response:</i> During testing of the new password standards, UHD identified a conflict involving inconsistent options available for password standards between our two LDAP application services. The conflict forces us to redesign the process. We are currently reviewing options to resolve the action item and expect to define a solution by February 2010. The new target date for completion of this action item is August 31, 2010.
AR2009-22 (PRT)	UHS Facilities Development Project	6	24	10/30/2009	Mary Washington, Scheduling Coordinator/Daniel Wilson, Director of	UHCL	Conduct a CADD review of the entire space inventory to verify or correct our inventory figures.	<i>Action Complete</i>
AR2009-22 (PRT)	UHS Facilities Development Project	8	24	10/31/2009	Michael Ruland Facilities Director	UHV	Make correction to show 273 as sub room of 271.	<i>Action Complete</i>
AR2009-22 (PRT)	UHS Facilities Development Project	9	24	10/31/2009	Michael Ruland Facilities Director	UHV	Review and correct all codes in the Library Building to ensure accuracy and correct library issues in regards to room identification and labeling.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

<b>Internal Audit Report Number</b>	<b>Report Title</b>	<b>Action No.</b>	<b>Total Actions</b>	<b>Est. Compl. Date</b>	<b>Responsibility For Action</b>		<b>Action To Be Taken</b>	<b>Status</b>
					<b>Name / Title</b>	<b>Entity</b>		
<b>Risk Level: High Medium Low</b>								
AR2009-22 (PRT)	UHS Facilities Development Project	10	24	10/31/2009	Michael Ruland Facilities Director	UHV	Adjust procedures manual to provide more macro level procedures with increased attention to how inventory updates take place, better document the inventory control system used by the institution, specify number of days it will take to update changed data, and reflect when reconciliations are done and by which department.	<i>Action Complete</i>
AR2009-22 (PRT)	UHS Facilities Development Project	17	24	10/31/2009	Cecil Ward Planning Analyst Plant Operations/ Dave Irvin AVC/AVP Plant Operations	UH	Perform institutional audit of room number signage and incorporate a completion schedule for room signage in the space inventory control system documentation.	<i>Partially Implemented - Updated Management's Response:</i> Field reviews have been completed for 97 of 126 buildings included in the original scope of work (including 16 recently acquired buildings at U of H Research Park). Documentation of signage needs has been prepared for all building for which field work has been completed. Work requests for 637 signs needed in 24 buildings have been completed and submitted to the University Lock Shop for fabrication and installation. Preparation/review of documentation and completion of work requests for signage associated with remaining buildings is on-going with expected completion by March 31, 2010.
AR2009-22 (PRT)	UHS Facilities Development Project	18	24	10/31/2009	Cecil Ward Planning Analyst Plant Operations/ Dave Irvin AVC/AVP Plant Operations	UH	Perform walkthroughs to verify room use codes accurately reflect actual use and update changes as necessary.	<i>Partially Implemented – Updated Management's Response:</i> Walkthroughs verifying room use and room type have been completed for 97 buildings. Review of fieldwork and data entry reflecting collected information is approximately 90% complete. Please note that follow up on open items is pending on buildings completed. Walkthroughs and verifications of the new acquired buildings as U of H Research Park will be done in conjunction with field verification project being managed by Transwestern (UHRP Facilities Management firm). Transwestern will supply measurement and drawings. Of 16 buildings remaining to be verified on campus proper 10 are minor in size. With this in mind we estimate completion of field work for campus proper and by UHRP by mid-February. Estimated completion date: February 15, 2010.

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

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: <b>High</b> <b>Medium</b> <b>Low</b>								
AR2009-22 (PRT)	UHS Facilities Development Project	19	24	10/31/2009	Cecil Ward Planning Analyst Plant Operations/ Dave Irvin AVC/AVP Plant Operations	UH	Perform walkthroughs to verify room type codes accurately reflect actual use and update changes as necessary.	<i>Partially Implemented – Updated Management’s Response:</i> Walkthroughs verifying room use and room type have been completed for 97 buildings. Review of fieldwork and data entry reflecting collected information is approximately 90% complete. Please note that follow up on open items is pending on buildings completed. Walkthroughs and verifications of the new acquired buildings as U of H Research Park will be done in conjunction with field verification project being managed by Transwestern (UHRP Facilities Management firm). Transwestern will supply measurement and drawings. Of 16 buildings remaining to be verified on campus proper 10 are minor in size. With this in mind we estimate completion of field work for campus proper and by UHRP by mid-February. Estimated completion date: February 15, 2010.
AR2009-22 (PRT)	UHS Facilities Development Project	20	24	10/31/2009	Cecil Ward Planning Analyst Plant Operations/ Dave Irvin AVC/AVP Plant Operations	UH	Implement steps to update the CIP code table and review CIP Code and University specific department codes annually.	<i>Action Complete</i>
AR2009-22 (PRT)	UHS Facilities Development Project	21	24	10/31/2009	Cecil Ward Planning Analyst Plant Operations/ Dave Irvin AVC/AVP Plant Operations	UH	Implement a process to ensure that reported room area (square footage) is accurate and verifiable by physically inspecting, measuring, and requiring timely floor plan record corrections and database updates.	<i>Action Complete</i>
AR2009-22 (PRT)	UHS Facilities Development Project	22	24	10/31/2009	Lillian Wanjagi Director of Facilities Information Dave Irvin AVC/AVP Plant Operations	UH	Implement additional support to assist in monitoring, providing senior level oversight, and updating the facilities data for the inventory control systems.	<i>Action Complete</i>
AR2009-22 (PRT)	UHS Facilities Development Project	23	24	10/31/2009	Cecil Ward Planning Analyst Plant Operations/ Dave Irvin AVC/AVP Plant Operations	UH	Develop and implement an annual update process that includes a formal schedule for all the departments’ facilities and walkthroughs.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

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: <b>High</b> <b>Medium</b> <b>Low</b>								
AR2009-22 (PRT)	UHS Facilities Development Project	24	24	10/31/2009	Cecil Ward Planning Analyst Plant Operations/ Dave Irvin AVC/AVP Plant Operations	UH	Develop and implement a process to timely collect and record space changes for renovation projects within 30 days of substantial completion.	<i>Action Complete</i>
AR2009-23	Departmental Reviews UH College of Pharmacy	2a	8	10/31/2009	Shirley Mitchell Department Business Administrator CSA	UH	Restore deficit fund balances to zero or positive amounts and implement procedures to prevent spending funds that are not available.	<b>Not Implemented – Updated Management’s Response:</b> The department is identifying possible funding sources to clear the deficit fund balance, and restore the fund balance to zero or a positive amount. Estimated completion date: March 31, 2010.
AR2009-23	Departmental Reviews UH College of Pharmacy	3	8	12/1/2009	Shirley Mitchell Department Business Administrator CSA	UH	Restore deficit budgetary balances to zero or positive amounts and implement procedures to prevent spending funds that are not available; and work with the appropriate office to close expired project/grant cost centers.	<b>Partially Implemented – Updated Management’s Response:</b> The department has cleared 3 of the 10 deficit budgetary balances, and expects to clear the remaining 7 by March 31, 2010. The department is also working on closing out the 26 expired project/grant cost centers. Estimated completion date: March 31, 2010.
AR2009-23	Departmental Reviews UH College of Pharmacy	5a	8	10/31/2009	Shirley Mitchell Department Business Administrator CSA	UH	Communicate with the Telecommunications Department in an attempt to obtain long distance statements; and develop departmental procedures to help ensure that all long distance charges are certified by the user, in accordance with university policies.	<i>Action Complete</i>
AR2009-23	Departmental Reviews UH College of Pharmacy	7	8	12/31/09	Ericka Adams Department Business Administrator PPS	UH	Restore deficit budgetary balances to zero or positive amounts and implement procedures to prevent spending funds that are not available; and work with the appropriate office to close expired project/grant cost centers.	<b>Partially Implemented – Updated Management’s Response:</b> The department has restored 4 of 17 cost centers with deficit budgetary balances to zero or positive amounts; and is working to close expired project/grant cost centers. The department expects to restore the remaining 13 cost centers with deficit budgetary balances to zero or positive amounts by March 31, 2010.
AR2009-23	Departmental Reviews UH College of Pharmacy	8	8	10/30/09	Ericka Adams Department Business Administrator PPS	UH	Develop departmental procedures to help ensure liability account balances are cleared within 30 days, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR-2010-02	Information Security Standards	2	8	12/1/2009	Margaret Lampton Director of Information Security and Administration	UHCL	Develop and implement procedures to annually review, update, test, and approve the written emergency procedures.	<i>Partially Implemented - Updated Management's Response:</i> Procedures are drafted and we are working with University Computing & Telecommunications leadership to finalize and approve policies. Estimated completion date: March 1, 2010.
AR-2010-02	Information Security Standards	4	8	11/1/2009	Margaret Lampton Director of Information Security and Administration	UHCL	Update minimum password length requirements based on industry best practices, and update Information Security Policies related to all changes in password requirements.	<i>Partially Implemented - Updated Management's Response:</i> Active Directory Password Settings have been changed. UHCL IT Security is working with the University Computing & Telecommunications Leadership Committee to finalize and approve the draft policies. Estimated completion date: March 1, 2010.
AR-2010-02	Information Security Standards	8	8	12/18/2009	Greg Scoggins, Asset Management Coordinator	UHCL	Update the Property Management Policies and Procedures to address the Government Code requirements related to the sale or transfer/donation of data processing equipment to other state agencies, in accordance with TAC 202.	<i>Action Complete</i>
AR2010-03	Information Security Standards	2	11	12/31/2009	Mary Dickerson Interim Executive Director, IT Security	UH	Document the classification of data using the current guidelines that are based on sensitivity/criticality levels for the University's information systems.	<i>Action Complete</i>
AR2010-03	Information Security Standards	4	11	12/31/2009	Mary Dickerson Interim Executive Director, IT Security	UH	Submit an annual report to the President on the status and effectiveness of information resources security controls in a timely manner, in accordance with TAC 202	<i>Partially Implemented - Updated Management's Response:</i> UH Information Security is updating the format of the annual report to the president on the status and effectiveness of information security controls. Estimated completion date: February 26, 2010.
AR2010-03	Information Security Standards	5	11	12/31/2009	Jim Bradley Interim Executive Director, Technology Support Services  Mary Dickerson Interim Executive Director, IT Security	UH	Facilitate University-wide coordination and planning related to management of college/division IT resources by developing technical guidelines and reference materials, providing training to college/division based technical support staff, and coordinating meetings of college/division information resource managers to help ensure IT resources are adequately managed at the college/division level, including compliance with TAC 202.	<i>Partially Implemented - Updated Management's Response:</i> Best practice reference materials for the management of IT resources, including technical guidelines and templates have been developed and are available to college/division staff. Specific training programs for Security Officers and Support staff are being finalized and initial training is scheduled to begin in January 2010 with some college/division staff responsible for the management of IT resources. IT management is in the process of identifying all college/division staff responsible for management of IT resources. Estimated completion date: August 31, 2010.

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-03	Information Security Standards	9	11	12/31/2009	Arun Jain, AVP Enterprise Systems	UH	Update system settings for password complexity and enable auditing for changes to password policy settings in order to meet industry best practices.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	1	114	10/31/2009	Pat Sayles Director, Budget and Administration Dean's Office	UH	Review the college's business processes and the responsibilities of college personnel at the Dean's and department levels to ensure that appropriate oversight and monitoring is in place and functioning.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	2	114	10/31/2009	Pat Sayles Director, Budget and Administration Dean's Office	UH	Meet with all CLASS Department Chairs, Directors, and DBAs (business staff) to explain the importance of the new reporting structure and related provisions of MAPP 01.02.01, Business Administration.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	3	114	11/30/2009	Pat Sayles Director, Budget and Administration Dean's Office	UH	Restore deficit fund balances to zero or positive amounts and implement procedures to prevent spending funds that are not available, and work with the appropriate office to close expired project/grant cost centers.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	4	114	11/30/2009	Pat Sayles Director, Budget and Administration Dean's Office	UH	Work with the departments throughout the College to publicize all available scholarships on the College website; reduce excess equity balances in scholarship cost centers; and strengthen the scholarship procedures.	<i>Partially Implemented - Updated Management's Response:</i> Verbal instructions have been given to all DBAs instructing them to list all scholarships on their website - continuing to work with CLASS webmaster to get them listed. Interim Dean Pratt has directed the Chairs/Directors to reduce the equity for scholarship cost centers. Departments have been directed to provide scholarship procedures to the CBA who will review and provide more defined scholarship procedures. CBA will follow up with email to get DBAs to send scholarships. Estimated completion date: March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	5	114	11/30/2009	Pat Sayles Director, Budget and Administration Dean's Office	UH	Reconcile scholarship awards to the student administration and financial systems, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

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: <b>High</b> <b>Medium</b> <b>Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	7	114	11/6/2009	Pat Sayles Director, Budget and Administration Dean's Office	UH	Modify departmental procedures to help ensure that fee reports are submitted to the Office of Academic Budgets and Administration timely, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	9	114	12/31/2009	Steven Wallace Director Theater Department	UH	Modify departmental procedures to help ensure the timely completion of all required training and disclosures, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	10	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Modify departmental procedures to ensure the "Annual Certification of Compliance with the Procedure on Conflict of Interest for Academic Researchers" form is sent to Research Administration, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	11	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Develop and implement departmental procedures to help ensure that cost center verifications are performed monthly, in accordance with university policies.	<i>Partially Implemented - Updated Management's Response:</i> CLASS Dean's office is continuing to work with the DBA to get proper documentation for revenue to complete verifications for FY 2010. Verifications for closed FY 2010 months will be completed no later than March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	12	114	12/31/2009	Steven Wallace Director Theater Department	UH	Restore deficit balances to zero or positive amounts and implement procedures to help prevent spending funds that are not budgeted.	<i>Partially Implemented - Updated Management's Response:</i> CLASS Dean's office is in discussion with Director of School of Theatre to reduce costs to eliminate deficits. Estimated completion date: March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	13	114	12/31/2009	Steven Wallace Director Theater Department	UH	Restore project/grant cost center budgetary balances to zero or positive amounts and work with the appropriate office to close expired project/grant cost centers.	<i>Partially Implemented - Updated Management's Response:</i> Director and DBA are working together to restore negative balances and have requested closing of expired cost centers to appropriate office. Estimated completion date: March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	14	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Develop departmental procedures to help ensure that all time and effort reports are signed, dated, and submitted to the Payroll Department in a timely manner, in accordance with university policies.	<i>Action Complete</i>



**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	15	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Implement procedures to require someone other than the petty cash fund custodian to approve the voucher to replenish the fund, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	16	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Develop procedures for billing, accounting, collection, recording, and monitoring of the credit extended to help ensure that the agreed upon payment is received, in accordance with university policies.	<i>Partially Implemented - Updated Management's Response:</i> Costume Rentals has created a tracking spreadsheet of payments; and has drafted written procedures for the billing, accounting, collection, recording and monitoring credit extended to customers for costume rentals. The Department Business Administrator expects to provide the written procedures by March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	17	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Develop departmental procedures to help ensure that individual Procurement Cards are used only by the authorized cardholder, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	18	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Modify departmental procedures to help ensure that expense reports are signed/approved by the 20th of the month, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	19	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Develop and implement departmental procedures to help ensure that travel reimbursements are properly authorized and approved, in accordance with university policies.	<i>Partially Implemented - Updated Management's Response:</i> The department business administrator expects to have written procedures for travel reimbursements implemented by March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	20	114	12/31/2009	Angela Parrish Department Business Administrator Theater Department	UH	Develop departmental procedures to help ensure that revenue generating contracts, such as costume rental agreements, are reviewed by the Office of Contract Administration, Office of Tax Compliance, and Administration and Finance, in accordance to university policy.	<i>Partially Implemented - Updated Management's Response:</i> The department submitted the revenue generating contract to the Office of Contract Administration for all required approvals and is awaiting final approval. Estimated completion date: March 1, 2010.

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	21	114	12/31/2009	Steven Wallace Director Theater Department	UH	Develop procedures to help ensure property inventory tags are affixed to computer equipment, "Missing, Damaged, or Stolen Property" reports are completed for missing equipment, and Request for Authority to Remove Equipment from Campus forms are completed for all property located off-campus, in accordance with university policies.	<b>Partially Implemented - Updated Management's Response:</b> The department currently ensures that inventory tags are affixed as soon as they are received from property management and "missing, damaged, or stolen" forms have been submitted to PRP MGMT for FY 09. Off-campus forms for FY10 have not been completed but will be processed and submitted to Property Management by March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	22	114	12/31/2009	Steven Wallace Director Theater Department	UH	Develop and implement departmental procedures to help ensure that students meet eligibility requirements, in accordance with scholarship criteria.	<b>Partially Implemented - Updated Management's Response:</b> The director expects to have written procedures to help ensure that students meet eligibility requirements implemented by March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	23	114	12/31/2009	Steven Wallace Director Theater Department	UH	Develop departmental procedures to help ensure that scholarship cost center year-end equity balances do not exceed total award commitments plus a reserve of 25% of the funds received in the previous fiscal year, in accordance with university policies.	<b>Partially Implemented - Updated Management's Response:</b> The director expects to have written procedures to help ensure that scholarship cost center year-end equity balances do not exceed total award commitments plus a reserve of 25% of the funds received in the previous fiscal year implemented by March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	24	114	12/20/2009	Geoffrey Pierce Department Business Administrator Communication Sciences & Disorders	UH	Develop departmental procedures requiring the annual distribution and collection of the "Annual Certification of Compliance with the Procedure on Conflict of Interest for Academic Researchers" form, in accordance with university policies.	<b>Action Complete</b>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	25	114	12/20/2009	Geoffrey Pierce Department Business Administrator Communication Sciences & Disorders	UH	Develop departmental procedures to help ensure that cost center verifications are prepared and approved on a monthly basis, in accordance with university policies.	<b>Action Complete</b>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	27	114	12/20/2009	Geoffrey Pierce Department Business Administrator Communication Sciences & Disorders	UH	Modify departmental procedures to help ensure that all time and effort reports are signed and dated, and sent to Payroll in a timely manner, in accordance with university policies.	<b>Action Complete</b>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	28	114	12/20/2009	Geoffrey Pierce Department Business Administrator Communication Sciences & Disorders	UH	Develop departmental procedures to help ensure that all cash receipts are deposited in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	29	114	12/20/2009	Geoffrey Pierce Department Business Administrator Communication Sciences & Disorders	UH	Develop departmental procedures to help ensure that all required approvals are obtained on Travel Request Forms prior to the travel date, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	30	114	12/20/2009	Geoffrey Pierce Department Business Administrator Communication Sciences & Disorders	UH	Implement departmental procedures to help ensure that all long distance charges are certified by the user, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	31	114	12/20/2009	Geoffrey Pierce Department Business Administrator Communication Sciences & Disorders	UH	Modify departmental procedures to help ensure contracts are fully executed by all parties prior to the commencement, and all revenue contracts are reviewed by Contract Administration, Office of Tax Compliance, and Administration and Finance, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	32	114	12/20/2009	Geoffrey Pierce Department Business Administrator Communication Sciences & Disorders	UH	Modify departmental procedures to help ensure that fee expenditures are used for the intended purpose, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	35	114	10/31/2009	Lorena Lopez Department Business Administrator History Department	UH	Develop departmental procedures requiring the annual distribution and collection of the "Annual Certification of Compliance with the Procedure on Conflict of Interest for Academic Researchers" form, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	36	114	11/30/2009	David White Director Moore School of Music	UH	Develop departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	37	114	11/30/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Develop departmental procedures requiring the annual distribution and collection of the "Annual Certification of Compliance with the Procedure on Conflict of Interest for Academic Researchers" form, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	38	114	12/31/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Develop and implement departmental procedures to help ensure that cost center verifications are performed monthly, in accordance with university policies.	<b>Partially Implemented - Updated Management's Response:</b> CLASS Dean's office is continuing to work with the DBA to get proper documentation for revenue to complete verifications for FY 2010. Verifications for closed FY 2010 months will be completed no later than March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	40	114	11/30/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Develop departmental procedures to help ensure that all time and effort reports are collected, properly completed, approved and dated, and are submitted to Payroll in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	41	114	11/30/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Modify departmental procedures to help ensure that time and effort reports for employees who are unavailable to sign their original time and effort report are re-submitted to Payroll, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	42	114	12/31/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Develop and implement departmental procedures to help ensure that departmental leave records are reconciled to leave accruals recorded in the payroll system on a monthly basis, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	43	114	11/30/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Develop and implement procedures to help ensure that deposits are made in a timely manner and are reconciled by two authorized employees, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	44	114	11/30/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Modify departmental procedures to help ensure that expense reports are signed/approved by the 20th of the month, in accordance with university policies.	<i>Partially Implemented - Updated Management's Response:</i> The DBA expects to have written procedures for signing and approving expense reports implemented by March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	45	114	12/31/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Determine the amount of personal expenses that were inadvertently reimbursed to the faculty member and require the faculty member to repay the university for the personal expenses inadvertently reimbursed to him.	<i>Partially Implemented - Updated Management's Response:</i> The CBA is working with the Asst Vice President Academic Operations to determine overpayment. Once overpayment is determined, Director will meet with faculty to discuss repayment. Estimated completion date: March 1, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	46	114	11/30/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Develop and implement departmental procedures to help ensure that travel and entertainment reimbursement vouchers contain appropriate business purposes, are properly prepared and authorized, and are submitted timely to Accounts Payable, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	47	114	10/31/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Modify departmental procedures to help ensure that all contracts including the contract cover sheet are signed by all parties prior to commencement of services, in accordance with university policy.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	48	114	10/31/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Develop and implement departmental procedures to help ensure-the completion of property removal requests for all property located off-campus, and missing items reports for all lost equipment, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	49	114	12/31/2009	Barry Brown Department Business Administrator Moores School of Music	UH	Develop and implement departmental procedures to help ensure that scholarship award amounts are reconciled to the University Financial System, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

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: <b>High</b> <b>Medium</b> <b>Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	50	114	12/31/2009	Barry Brown Department Business Administrator Moore School of Music	UH	Manage scholarship funds using a cash flow model in order to 1) account for funds received and expected to be received, 2) account for scholarships awarded, disbursed, and expected to be disbursed, and 3) identify additional funds which may be available.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	53	114	12/31/2009	Lisa Haywood Department Business Administrator Philosophy Department	UH	Develop departmental procedures to help ensure that monthly cost center verifications are approved by the cost center manager in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	54	114	11/15/2009	Devianee Vasanjee Department Business Administrator Modern Classical Languages Department	UH	Develop departmental procedures requiring the annual distribution and collection of the "Annual Certification of Compliance with the Procedure on Conflict of Interest for Academic Researchers" form, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	55	114	11/15/2009	Devianee Vasanjee Department Business Administrator Modern Classical Languages Department	UH	Develop departmental procedures to help ensure that all time and effort reports are signed and dated, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	56	114	11/15/2009	Devianee Vasanjee Department Business Administrator Modern Classical Languages Department	UH	Modify departmental procedures to help ensure that Termination Clearance forms are completed timely, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	57	114	11/15/2009	Devianee Vasanjee Department Business Administrator Modern Classical Languages Department	UH	Modify departmental procedures to help ensure that alcoholic expenses are coded to the appropriate account, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	58	114	11/15/2009	Devianee Vasandee Department Business Administrator Modern Classical Languages Department	UH	Develop departmental procedures to help ensure that scholarship cost center year-end equity balances do not exceed total award commitments plus a reserve of 25% of the funds received in the previous fiscal year, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	59	114	12/31/2009	Nicolas Kanellos Director Arte Publico Press	UH	Develop procedures to reduce the inventory to a reasonable and adequate level to meet sales demand and continuously monitor inventory levels to reduce the amount of inventory overstocks.	<i>Partially Implemented - Updated Management's Response:</i> We have developed procedures for inventory and the Director has identified books that need to be destroyed. Estimated completion date: August 31, 2010.
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	60	114	11/30/2009	Nellie Gonzalez Department Business Administrator Arte Publico Press	UH	Develop departmental procedures requiring the annual distribution and collection of the "Annual Certification of Compliance with the Procedure on Conflict of Interest for Academic Researchers" form, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	61	114	11/30/2009	Nellie Gonzalez Department Business Administrator Arte Publico Press	UH	Modify departmental procedures to help ensure that all time and effort reports are properly completed, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	62	114	11/30/2009	Nellie Gonzalez Department Business Administrator Arte Publico Press	UH	Develop and implement procedures to help ensure that cash receipts are deposited in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	63	114	11/30/2009	Nellie Gonzalez Department Business Administrator Arte Publico Press	UH	Modify departmental procedures to help ensure that expense reports are timely signed, dated, and approved by the 20th of the month, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

<b>Internal Audit Report Number</b>	<b>Report Title</b>	<b>Action No.</b>	<b>Total Actions</b>	<b>Est. Compl. Date</b>	<b>Responsibility For Action</b>		<b>Action To Be Taken</b>	<b>Status</b>
					<b>Name / Title</b>	<b>Entity</b>		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	64	114	10/31/2009	Nellie Gonzalez Department Business Administrator Arte Publico Press	UH	Develop departmental procedures to help ensure that contracts are signed and dated by an employee with delegated contractual signature authority prior to commencement, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	66	114	11/30/2009	Karen Zicterman Museum Coordinator Blaffer Gallery	UH	Develop departmental procedures to help ensure the timely completion of all cost center verifications, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	68	114	10/31/2009	Lynn Smith Department Business Administrator Economics	UH	Restore deficit budgetary balances to zero or positive amounts and implement procedures to prevent spending funds that are not available; and work with the appropriate office to close expired project/grant cost centers.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	69	114	12/31/2009	Susan Mangum Office Coordinator Military Science	UH	Develop departmental procedures to help ensure that the cost center manager reviews and approves cost center verifications on a monthly basis, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	70	114	12/31/2009	Jennifer McCullough Department Business Administrator Political Science Department	UH	Develop departmental procedures requiring the annual distribution and collection of the "Annual Certification of Compliance with the Procedure on Conflict of Interest for Academic Researchers" form, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	71	114	12/31/2009	Jennifer McCullough Department Business Administrator Political Science Department	UH	Develop departmental procedures to help ensure that cost center verifications are approved by the cost center manager, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	72	114	12/31/2009	Jennifer McCullough Department Business Administrator Political Science Department	UH	Modify departmental procedures to help ensure that Termination Clearance forms are completed timely, in accordance with university policies.	<i>Action Complete</i>



**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

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: <b>High</b> <b>Medium</b> <b>Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	73	114	12/31/2009	Jennifer McCullough Department Business Administrator Political Science Department	UH	Work with the CBA to help ensure all contract cover sheets are signed, contracts are fully executed by all parties prior to the commencement, and all non-standard contracts are reviewed by General Counsel, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	74	114	12/31/2009	Jennifer McCullough Department Business Administrator Political Science Department	UH	Work with the Psychology Department to obtain credit for the expenditure that was incorrectly charged to the incidental fee cost center.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	76	114	12/1/2009	David Francis Chair Psychology Department	UH	Develop departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	77	114	12/1/2009	David Francis Chair Psychology Department	UH	Develop departmental procedures to help ensure that appropriate employees complete disclosure forms annually, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	79	114	12/1/2009	Isaac Davis Department Business Administrator Psychology Department	UH	Develop departmental procedures to help ensure that all bi-weekly time and effort reports are properly completed, dated and reviewed for accuracy, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	80	114	12/1/2009	Isaac Davis Department Business Administrator Psychology Department	UH	Develop departmental procedures to help ensure that the benefit to the university is documented for business meals and that the business purpose of a spouse attending the business meal is documented and approved by the Dean, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	81	114	12/1/2009	David Francis Chair Psychology Department	UH	Develop departmental procedures to help ensure that scholarship cost center year-end equity balances do not exceed total award commitments plus a reserve of 25% of the funds received in the previous fiscal year, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	82	114	11/30/2009	Lauren Neely Department Business Administrator Center for Public Policy	UH	Develop departmental procedures to help ensure the timely completion of all cost center verifications, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	84	114	11/30/2009	Lauren Neely Department Business Administrator Center for Public Policy	UH	Restore deficit budgetary balances to zero or positive amounts and implement procedures to prevent spending funds that are not available.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	85	114	11/30/2009	Lauren Neely Department Business Administrator Center for Public Policy	UH	Develop departmental procedures to help ensure that all employees sign and date time and effort reports, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	86	114	11/30/2009	Lauren Neely Department Business Administrator Center for Public Policy	UH	Modify departmental procedures to help ensure that two authorized employees approve deposits to indicate their verification of funds, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	87	114	11/30/2009	Lauren Neely Department Business Administrator Center for Public Policy	UH	Develop departmental procedures to help ensure that expense reports are properly approved by the 20th of the month, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	88	114	11/30/2009	Marla Burum Department Business Administrator Religious Studies Department	UH	Develop departmental procedures to help ensure that monthly cost center verifications are reviewed and approved by the cost center manager, in accordance with university policy.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	90	114	11/30/2009	Marla Burum Department Business Administrator Religious Studies Department	UH	Modify departmental procedures to help ensure that all time and effort reports are signed and dated, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

<b>Internal Audit Report Number</b>	<b>Report Title</b>	<b>Action No.</b>	<b>Total Actions</b>	<b>Est. Compl. Date</b>	<b>Responsibility For Action</b>		<b>Action To Be Taken</b>	<b>Status</b>
					<b>Name / Title</b>	<b>Entity</b>		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	91	114	11/30/2009	Marla Burum Department Business Administrator Religious Studies Department	UH	Modify departmental procedures to help ensure Procurement Card expense reports are reviewed and approved by a certifying signatory, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	93	114	11/10/2009	Marla Burum Department Business Administrator Writing Center	UH	Modify departmental procedures to help ensure that time and effort reports are properly completed and approved, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	94	114	11/30/2009	Marla Burum Department Business Administrator Writing Center	UH	Develop departmental procedures to help ensure employee awards are appropriately processed and forwarded to Human Resources for approval, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	95	114	11/30/2009	Marla Burum Department Business Administrator Writing Center	UH	Work with the Dean's Office to help ensure that all PARs for non-tenure track faculty are submitted to the Office of the Provost 5 days prior to the employee's start date.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	96	114	11/30/2009	Marla Burum Department Business Administrator Writing Center	UH	Modify departmental procedures to help ensure that Termination Clearance forms are completed in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	97	114	11/30/2009	Marla Burum Department Business Administrator Writing Center	UH	Develop departmental procedures to help ensure that contracts are created for all revenue generating areas, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	98	114	11/30/2009	Elizabeth Gregory Director Women's Studies	UH	Develop departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

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: <b>High</b> <b>Medium</b> <b>Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	99	114	11/30/2009	Lisa Haywood Department Business Administrator Women's Studies	UH	Develop departmental procedures to help ensure that cost center verifications are approved by the cost center manager in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	101	114	11/15/2009	Carol Risinger Office Coordinator Band Department	UH	Develop departmental procedures to help ensure that monthly cost center verifications are reviewed and approved by the cost center manager, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	102	114	11/15/2009	Carol Risinger Office Coordinator Band Department	UH	Work with the Dean's Office to help ensure all hiring PARs are completed in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	103	114	11/15/2009	Carol Risinger Office Coordinator Band Department	UH	Modify departmental procedures to help ensure that Termination Clearance forms are completed timely, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	104	114	11/15/2009	Carol Risinger Office Coordinator Band Department	UH	Modify departmental procedures to help ensure that cash receipts are deposited in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	105	114	11/30/2009	Carol Risinger Office Coordinator Band Department	UH	Develop departmental procedures to help ensure that Procurement Cards are used by the authorized cardholders, for allowable expenses, and expense reports are approved by the 20th of the month, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	106	114	11/15/2009	Carol Risinger Office Coordinator Band Department	UH	Reconcile scholarship awards to the student administration and financial systems, in accordance with university policies.	<b>Partially Implemented - Updated Management's Response:</b> The FY 10 scholarship awards and verifications have been completed and we sent inquiries to the Director and SFS concerning some of the awards. Will be following up and expect to be fully complete by March 1, 2010.

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	107	114	12/1/2009	Norma Quinones Department Business Administrator Hispanic Studies Department	UH	Develop departmental procedures to help ensure the timely completion of all required training and disclosures, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	108	114	12/1/2009	Norma Quinones Department Business Administrator Hispanic Studies Department	UH	Modify departmental procedures to help ensure that monthly cost center verifications are performed and approved by the cost center manager in a timely manner, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	109	114	12/1/2009	Norma Quinones Department Business Administrator Hispanic Studies Department	UH	Modify departmental procedures to help ensure that cash receipts are deposited in a timely manner, and all deposits are approved and reconciled by the appropriate individuals, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	110	114	12/1/2009	Norma Quinones Department Business Administrator Hispanic Studies Department	UH	Modify departmental procedures to help ensure that checks are made payable to the University of Houston, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	112	114	11/30/2009	Martin Melosi Director Center for Public History	UH	Develop departmental procedures to help ensure the timely completion of all required training, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	113	114	11/30/2009	Kristin Deville Program Coordinator Center for Public History	UH	Develop departmental procedures to help ensure the timely completion of all cost center verifications, in accordance with university policies.	<i>Action Complete</i>
AR2010-07	College of Liberal Arts & Social Sciences Departmental Reviews	114	114	11/30/2009	Kristin Deville Program Coordinator Center for Public History	UH	Modify departmental procedures to help ensure that expense reports are signed/approved by the 20th of the month, in accordance with university policies.	<i>Action Complete</i>

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	1a	15	12/31/2009	Spencer Moore Executive Director, FP&C	UH	Modify/develop departmental policies and procedures for construction management to address process for audits and related protocol.	<i>Partially Implemented – Updated Management’s Response:</i> An RFQ is out for Project Delivery and Consulting Services. Once this is awarded we will contract with a consultant to document all business processes and project management expectations for construction and renovation activities. Both Minor and Major projects will utilize the same policies, standards and templates. This will be co-managed by Spencer Moore and Melissa Bellini. Estimated completion date: December 31, 2010.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	2a	15	12/31/2009	Chris Hobza Executive Director, Contract Administration	UH	Modify future standardized construction contracts to clarify the terms for a refund of the return of bond premiums to the contractor.	<i>Action Complete</i>
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	4b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C  Spencer Moore Executive Director, FP&C	UH	Ensure that general liability insurance credits for \$100,294 are received for the construction period ending 9/30/08.	<i>Partially Implemented – Updated Management’s Response:</i> We have requested \$309,120 of general liability insurance credits from the general contractor for the entire contract period. Estimated completion date: April 1, 2010.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	5b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C  Spencer Moore Executive Director, FP&C	UH	Ensure that paid time off credits charged directly to Cost of Work for \$76,231 are received for the construction period ending 9/30/08.	<i>Partially Implemented – Updated Management’s Response:</i> We have requested \$111,623 of paid time off credits from the general contractor for the entire contract period. Estimated completion date: April 1, 2010.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	6b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C  Spencer Moore Executive Director, FP&C	UH	Ensure that payment for overstatement of subcontractor change order markup for \$44,931 is received for the construction period ending 9/30/08.	<i>Partially Implemented – Updated Management’s Response:</i> We have requested \$27,698 of subcontractor change order markup credits from the general contractor for the entire contract period. Estimated completion date: April 1, 2010.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	7b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C  Spencer Moore Executive Director, FP&C	UH	Ensure that payment for incidental markups in KenMor change orders for \$14,794 is received for the construction period ending 9/30/08.	<i>Partially Implemented – Updated Management’s Response:</i> The general contractor agrees with the credit of \$17,980 for KenMor change orders in the final accounting. Estimated completion date: February 1, 2010.

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	8b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C	UH	Ensure that payment for excess equipment rental charges for \$3,998 are received for the construction period ending 9/30/08.	<i>Partially Implemented – Updated Management’s Response:</i> The general contractor agrees with the credit of \$9,324 for excess equipment rentals in the final accounting. Estimated completion date: February 1, 2010.
					Spencer Moore Executive Director, FP&C			
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	9b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C	UH	Ensure that payment for duplicated overhead in Joslin change orders for \$3,979 is received for the construction period ending 9/30/08.	<i>Partially Implemented – Updated Management’s Response:</i> The general contractor agrees with the credit for duplicated overhead in the Joslin change order of \$7,186 and in the Oxford change order of \$2,496 in the final accounting. Estimated completion date: February 1, 2010.
					Spencer Moore Executive Director, FP&C			
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	10b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C	UH	Ensure that payment for rental charges in excess of cost for \$2,159 is received for construction period ending 9/30/08.	<i>Partially Implemented – Updated Management’s Response:</i> The general contractor agrees with the credit of \$2,159 for this item in the final accounting. Estimated completion date: February 1, 2010.
					Spencer Moore Executive Director, FP&C			
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	11b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C	UH	Ensure that payment for bond cost on change orders for non-bonded subcontractor for \$1,336 is received for construction period ending 9/30/08.	<i>Partially Implemented – Updated Management’s Response:</i> The general contractor agrees with the credit of \$1,678 for a non-bonded subcontractor and with a credit of \$3,372 for the markup on the change order for DoorPro in the final accounting. Estimated completion date: February 1, 2010.
					Spencer Moore Executive Director, FP&C			
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	12	15	10/1/2009	Mei Chang Sr. Project Mgr., FP&C	UH	Ensure that payment for anticipated premium refund for \$232,743 is received.	<i>Partially Implemented – Updated Management’s Response:</i> The UHS Office of General Counsel has determined that the university contract does not warrant a claim of the entire amount of these funds (only a refund on payment and performance bond of \$31,487) and that future contracts are being addressed to correct this issue. Estimated completion date: February 1, 2010.
					Spencer Moore Executive Director, FP&C			

**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	13b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C  Spencer Moore Executive Director, FP&C	UH	Request the contractor to: a) obtain supporting detail from their subcontractors showing the estimated cost and markups included in these change orders and adjust the change order amounts as necessary; and b) require all future subcontractor change orders to include sufficient detail to allow a proper evaluation of compliance with the contract.	<i>Partially Implemented – Updated Management’s Response:</i> The general contractor and the UHS Office of General Counsel have executed the memorandum of understanding and the final audit has been completed. However, there is still no final resolution as to what is owed. Management is in the process of coordinating meetings between UH System and Pepper Lawson for final resolution. Estimated completion date: March 31, 2010.
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	14b	15	12/31/2009	Mei Chang Sr. Project Mgr., FP&C  Spencer Moore Executive Director, FP&C	UH	Prepare a memo of understanding to clarify the terms of the design fee.	<i>Action Complete</i>
CCM-0901	Calhoun Lofts Residence Hall Interim Construction Audit	15a	15	12/31/2009	Chris Hobza Executive Director, Contract Administration	UH	Modify standardized construction contract to more clearly define the terms of the design fee.	<i>Action Complete</i>
SAO Report #05-010	The Protection of Confidential Information and Critical Systems	20i	25	12/31/2009	Malcolm Davis Executive Director for Public Safety - Chief of Police	UH	Review and modify, as necessary, the existing comprehensive emergency plan/business continuity plan to ensure that it adequately addresses the requirements in Texas Administrative Code, Section 202, Business Continuity Plan Elements.	<i>Partially Implemented – Updated Management’s Response:</i> The template for the University of Houston Departmental Business Continuity Plans is complete. The Business Impact Analysis was implemented and completed. The Recovery Strategy, Security Risk Assessment and the Implementation and Testing will be complete by March 1, 2010.
SAO Report #09-330	Statewide Single Audit Report, FY 2008	12b	13	12/31/2009	Sal Loria Interim Director, Office of Scholarships and Financial Aid Debbie Hermann	UH	Determine the nature of the student status change reporting errors and modify business practices, reporting procedures and enrollment services information systems as necessary to help ensure that student status changes are identified and reported as required.	<i>Action Complete</i>



**University of Houston System  
Internal Auditing Department**

**Follow-up Status Report  
as of December 31, 2009**

Internal Audit Report Number	Report Title	Action No.	Total Actions	Est. Compl. Date	Responsibility For Action		Action To Be Taken	Status
					Name / Title	Entity		
<b>Risk Level: High Medium Low</b>								
SP2009-05	Job Order Contracts	1	4	12/31/2009	Melissa Bellini Exec. Director of Facilities Management Spencer Moore, Executive Director, FP&C	UHS	Modify SAM 03.C.03, Repair and Construction Funds, to require the AVC/AVP for Plant Operations to promulgate rules and procedures for repair and construction projects that comply with the Texas Education Code.	<b>Partially Implemented – Updated Management’s Response:</b> This item will be completed once the Task Force has developed a recommendation for program redevelopment and changes. The action was awaiting hiring of Executive Director of Facilities Management which was completed in November 2009. Task Force is being kicked off in late January 2010 with the intent to have a full program developed and recommended for approval no later than April 30, 2010. This item will be part of the Task Force project plan.
SP2009-05	Job Order Contracts	2	4	12/31/2009	Melissa Bellini Exec. Director of Facilities Management Spencer Moore, Executive Director, FP&C	UHS	Draft policies and procedures for repair and construction projects to help ensure compliance with all applicable statutes and to define the roles and responsibilities of all Plant Operations personnel and other institutional personnel as they relate to construction projects.	<b>Partially Implemented – Updated Management’s Response:</b> This item will be completed once the Task Force has developed a recommendation for program redevelopment and changes. The action was awaiting hiring of Executive Director of Facilities Management which was completed in November 2009. Task Force is being kicked off in late January 2010 with the intent to have a full program developed and recommended for approval no later than April 30, 2010. This item will be part of the Task Force project plan.
SP2009-05	Job Order Contracts	3	4	12/31/2009	Melissa Bellini Exec. Director of Facilities Management Spencer Moore, Executive Director, FP&C	UHS	Ensure that all Plant Operations personnel are familiar with all construction policies and procedures that are established.	<b>Partially Implemented – Updated Management’s Response:</b> This item will be completed once the Task Force has developed a recommendation for program redevelopment and changes. The action was awaiting hiring of Executive Director of Facilities Management which was completed in November 2009. Task Force is being kicked off in late January 2010 with the intent to have a full program developed and recommended for approval no later than April 30, 2010. This item will be part of the Task Force project plan.
SP2009-05	Job Order Contracts	4	4	12/31/2009	Dave Irvin AVC/AVP Plant Operations	UHS	Establish standardized policies and procedures for handling Board of Regent referrals of contractors to Plant Operations for potential work, to help prevent the appearance of favoritism and secure the best work and materials at the lowest practical price.	<b>Action Complete</b>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

HONORS COLLEGE  
DEPARTMENTAL REVIEW

REPORT NO. AR2010-09

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON  
HONORS COLLEGE  
DEPARTMENTAL REVIEW**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed one departmental review in the Honors College. 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 College reviewed was not in compliance with certain policies. Management developed action plans to help ensure compliance with university policies in these areas. The action items are included in the internal audit follow-up database.

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

- Compliance Matrix
- Action Plan
- College Background
- Financial Summary of Transactions

---

Don F. Guyton  
Chief Audit Executive  
October 20, 2009

**University of Houston System  
Internal Auditing Department**

**University of Houston  
Honors College  
Departmental Review**

<b>Compliance Area</b>	
Management Oversight	✓
Operational Activities	✓
Policies, Procedures, Required Training, And Reporting	✓
Cost Center Management	✓
Payroll	✓
Human Resources	✓
Change Funds And Cash Receipts	(1)
Procurement And Travel Cards	(1)
Departmental Expenses	✓
Contract Administration	(1)
Property Management	✓
Departmental Computing	✓
Scholarships	✓
Incidental And Lab Fees	✓
Research	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  
Honors College  
Background Information**

We performed a review of the Dean of the Honors College at the University of Houston to assess his effectiveness in performing his financial and administrative responsibilities.

**The Dean provided the following background:**

The mission of the Honors College at the University of Houston is to provide a small college environment within the rich, diverse, and cosmopolitan setting of a large, comprehensive, urban institution. It provides resources to enhance undergraduate education and a structure to make the strengths of the institution accessible to a large number of talented students. The College serves not only to make distinctive educational opportunities available to a select group of academic leaders, but also to achieve goals and objectives central to the entire institution, including "leavening" and diversifying the entire campus community.

The goals of the College are 1) to enhance undergraduate education at the University of Houston by attracting highly qualified and academically motivated students to the University; 2) to provide, in cooperation with colleges and departments, educational opportunities to broaden and deepen the academic experience of talented undergraduates by offering classes that maximize student participation in the educational process; 3) to build a personal and humane collegial atmosphere that encourages students to prepare for leadership in a pluralistic society; and 4) to serve as a conduit and portal connecting the intellectual and creative resources of the University of Houston and the Greater Houston community, to the benefit of both.

**Budget/Financial Summary:**

During fiscal year 2009, with a faculty of 11 FTE and a staff of 8 FTE, the College administered over 95 cost centers with an overall operating M&O budget of \$3.42 million.

The following table presents the fund balance reconciliation for the College for FY 2009:

Beginning Fund Balance (9/1/09)	\$ 919,680
Revenues	940,459
Expenditures	(2,971,962)
Transfers/Other	1,978,000
Ending Balance (8/31/09)	<u>\$ 866,177</u>

UNIVERSITY OF HOUSTON  
HONORS COLLEGE  
SUMMARY OF REVENUES AND EXPENDITURES

<u>Account</u>	<u>Description</u>	<u>FY 2009</u>	<u>FY 2008</u>
<u>Revenue</u>			
40700-40999	Other Fees	\$ (351,221)	\$ (344,184)
55500-55999;56700-57999	Waivers & Expenses	1,815	689
42700-43199; 44400-44428; 44440	Private Gifts, Grants and Cont	(318,888)	(379,018)
43500-43599	Endowment Income Distribution	(33,074)	(321,055)
50050-50099	Recovered Costs	(239,091)	(180,907)
Total Revenue		<u>\$ (940,459)</u>	<u>\$ (1,224,476)</u>
<u>Cost of Goods Sold</u>			
50000-50049	Cost of Goods Sold	\$ 0	\$ 0
Total Cost of Goods Sold		<u>\$ 0</u>	<u>\$ 0</u>
<u>Payroll</u>			
50100-50999	Salaries & Wages	\$ 1,757,225	\$ 1,559,130
51000-51399	Fringe Benefits	143,043	135,654
Total Payroll		<u>\$ 1,900,268</u>	<u>\$ 1,694,784</u>
<u>M &amp; O</u>			
52200-52399	General Services	\$ 21,603	\$ 28,937
52400-52499	Academic Service	20,330	9,743
52500-52599	Printing, Copying, & Reproduction	64,792	65,429
52800-52999	Communication & Transportation	56,924	44,639
53000-53499	Advertising Promotion & Public	60,004	53,489
53500-53599	Rental Lease & Royalties	12,922	14,918
53700-53799	Routine Repair	9,244	5,184
53850-53899	Contracting Services	11,355	44,483
53900-53999	General Supplies	45,078	39,823
54300-54349	Facilities & Ground Support	0	124
54350-54449	Parts & Furnishing	95,229	67,056
54450-54549	Misc Supplies & Material	83	6
54700-54799	Financial Tax & License Cost	13	352
54800-54899	Other Recurring Expenses	202,531	217,627
54900-54999	Employee Expenses	29,167	29,750
55000-55199	Special Program & Events	113,226	189,151
55300-55499	Financial Aid	198,325	143,100
56000-56499	Travel	125,008	83,861
Total M&O		<u>\$ 1,065,836</u>	<u>\$ 1,037,673</u>
<u>Capital Outlay</u>			
58000-58999	Capital Outlay	\$ 5,858	\$ 0
Total Capital Outlay		<u>\$ 5,858</u>	<u>\$ 0</u>
Total Cost of Goods Sold, Payroll, M&O and Capital Outlay		<u>\$ 2,971,962</u>	<u>\$ 2,732,457</u>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

FOUNDATION REVIEW

REPORT NO. AR2010-10

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON  
UNIVERSITY OF HOUSTON FOUNDATION REVIEW**

**BACKGROUND:**

The Texas Government Code 2255, Private Donors or Organizations, requires state agencies that are authorized to accept funds from private organizations that exist to support the agency to adopt rules governing the relationship between the organization and the agency and its employees. The University of Houston System (System) Board of Regents (BOR) has adopted rules to ensure that the existence, purpose, and operations of all support organizations and foundations are consistent with System governance and requires support organizations to enter into written agreements with the Board.

The University of Houston Foundation (UHF) was established for the sole purpose of soliciting, managing, and distributing private gifts and donations given for the benefit of the System, and to support and foster the educational activities and pursuits of the System and is responsive to the educational needs of the System and to develop and maintain a close and continuous relationship with the System.

The System has established a policy for private support organizations and foundations which requires a written agreement between BOR and the support organization. The most recent agreement between UHF and the BOR was executed on December 5, 2006. Also, the policy requires the support organization to annually submit reports to the Vice Chancellor for University Advancement, including audited financial reports, copy of Internal Revenue Service (IRS) Form 990, and various other information. This policy also requires a compliance report to be presented to the BOR (Audit and Compliance Committee) annually.

Reviews of support organizations are scheduled each year in the Internal Auditing Plan. According to BOR policy, Internal Auditing is allowed access to financial records of private support organizations chartered for the benefit of the System.

**OBJECTIVES:**

The primary objectives of our review were to determine whether the amounts recorded in the university's books and records agree with the corresponding amounts included in the foundation's audited financial statements and IRS Form 990, and to determine whether the agreement between UHF and the BOR addresses the provisions of SAM 08.A.02., Private Support Organizations and Foundations.



## **SCOPE OF WORK:**

We reviewed applicable policies, procedures, the foundation agreement, audited financial statements, the IRS Form 990, information recorded in the university's financial system, interviewed System/UH/UHF personnel, and performed other procedures as deemed necessary.

## **RESULTS:**

UHF's audited financial statements and IRS Form 990 for the year ended August 31, 2008 indicated that UH was provided support of \$5,930,368. However, UH financial records indicate receipts of \$3,662,137 for a difference of \$2,268,231. We requested an explanation of the \$2,268,231 difference from UH General Accounting and were informed that the support to the System comes in the form of payments directly to the System from the support organizations and payments to third parties on behalf of the System. Some of the direct payments to the System by support organizations were not correctly classified in the university's financial system and not all payments to third parties by support organizations were recorded in the university's financial system. Although the System does have some processes in place to properly record support to the System from support organizations, they are not consistently applied and the System does not receive sufficient information from the support organizations to help ensure that all support is recorded by the System. SAM 08.A.02, Private Support Organizations and Foundations, does not require the implementation of policies and procedures to help ensure that all reported support provided to the System by the support organization's are properly accounted for in the System's financial records. We understand that General Accounting and University Advancement are working to develop procedures that will help ensure that all direct payments to the System and payments made to third parties on behalf of the System by support organizations are recorded accurately and timely in the university's financial system, including receipt of sufficient information from the support organizations to validate amounts recorded by the System and identify any instances where support has not been recorded.

**Recommendations:** Modify SAM 08.A.02 to require the implementation of policies and procedures to help ensure that all reported support provided to the System by the support organization's are properly accounted for in the System's financial records. General Accounting should implement guidelines for proper accounting for all support from support organizations.

**Management's Response (University Advancement):** We will modify SAM 08.A.02 to require the implementation of policies and procedures to help ensure that all reported support provided to the System by the support organization's are properly accounted for in the System's financial records by August 31, 2010.

**Management's Response (General Accounting):** We will implement guidelines for proper accounting for all support from support organizations by August 31, 2010.

## **OPPORTUNITY FOR IMPROVEMENT: REPORTING REQUIREMENTS**

Although the agreement between UHF and the BOR contains many of the reporting requirements enumerated in SAM 08.A.02, it does not address the submission of disclosure statements, nor submission of other financial information to the Vice Chancellor for University Advancement. System management should consider adding these requirements to the next update of the agreement.

---

Don F. Guyton  
Chief Audit Executive  
December 4, 2009

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

ALUMNI ASSOCIATION REVIEW

REPORT NO. AR2010-11

**UNIVERSITY OF HOUSTON SYSTEMS  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON  
ALUMNI ASSOCIATION REVIEW**

**BACKGROUND:**

The Texas Government Code 2255, Private Donors or Organizations, requires state agencies that are authorized to accept funds from private organizations that exist to support the agency to adopt rules governing the relationship between the organization and the agency and its employees. The University of Houston System (System) Board of Regents (BOR) has adopted rules to ensure that the existence, purpose, and operations of all support organizations and foundations are consistent with System governance and requires support organizations to enter into written agreements with the Board.

The University of Houston Alumni Association (UHAA) was established to serve and support UH, its alumni, and the community it calls home. From student scholarships and legislative advocacy, to alumni networks and communications, UHAA works to enhance the value of the degree and alumni experience.

The System has established a policy for private support organizations and foundations which requires a written agreement between BOR and the support organization. The most recent agreement between UHAA and the university was executed on January 23, 1998. The policy requires the support organization to annually submit reports to the Vice Chancellor for University Advancement, including audited financial reports, copy of Internal Revenue Service (IRS) Form 990, and various other information. This policy also requires a compliance report to be presented to the BOR (Audit and Compliance Committee) annually.

Reviews of support organizations are scheduled each year in the Internal Auditing Plan. According to BOR policy, Internal Auditing is allowed access to financial records of private support organizations chartered for the benefit of the System.

**OBJECTIVES:**

The primary objectives of our review were to determine whether the amounts 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 agreement between UHAA and the university addresses the provisions of SAM 08.A.02., Private Support Organizations and Foundations.

**SCOPE OF WORK:**

We reviewed applicable policies, procedures, the support organization agreement, audited financial statements, the IRS Form 990, information recorded in the university's financial

system, interviewed System/UH/UHAA personnel, and performed other procedures as deemed necessary.

## **RESULTS:**

UHAA's audited financial statements and IRS Form 990 are prepared using a December 31 year-end whereas the System's financial reports are prepared using an August 31 year-end. This difference in reporting periods can make it difficult to a) reconcile accounting reported by the foundations to the corresponding information recorded in the university's financial records, and b) report information externally as requested by professional associations and other external parties.

Since audited financial statements and IRS Form 990 for the year ended August 31, 2008 were not available, UHAA's accounting personnel provided us with reports of university support for the 12 months ended August 31, 2008 indicating support of \$350,224. None of the support received from UHAA could be readily identified in the university's financial system. UH General Accounting informed us that the support to the System comes in the form of payments directly to the System from the support organizations and payments to third parties on behalf of the System. Some of the direct payments to the System by support organizations were not correctly classified in the university's financial system and not all payments to third parties were recorded in the university's financial system. Although the System does have some processes in place to properly record support to the system from support organizations, they are not consistently applied and the System does not receive sufficient information from the support organizations to help ensure that all support is recorded by the System. We understand that General Accounting and University Advancement are working to develop procedures that will help ensure that all direct payments to the System and payments made to third parties on behalf of the system by support organizations are recorded accurately and timely in the university's financial system, including receipt of sufficient information from the support organizations to validate amounts recorded by the System and identify any instances where support has not been recorded.

**Recommendation:** System management should request the support organization to change its year end to August 31<sup>st</sup>.

**Management's Response (University Advancement):** We will request the support organization to change its year end to August 31<sup>st</sup> by March 1, 2010.

## **OPPORTUNITY FOR IMPROVEMENT: REPORTING REQUIREMENTS**

The agreement between UHAA and the university does not contain most of the reporting requirements enumerated in SAM 08.A.02, it only addresses service of a UH officer or employee to a support organization and allowing access to records and documents of the support organization. System management should consider adding all other requirements to the next update of the agreement.

---

Don F. Guyton  
Chief Audit Executive  
December 4, 2009

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON

ATHLETICS, FOOTBALL ATTENDANCE  
2009 SEASON

REPORT NO. AR2010-12

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON  
FOOTBALL ATTENDANCE, 2009 SEASON**

**BACKGROUND:**

NCAA Bylaw 20.9.7.3 Football–Attendance Requirements [FBS], states that “once every two years on a rolling basis, the institution shall average at least 15,000 in actual or paid attendance for all home football games.”

NCAA Bylaw 20.9.7.3.1.2 Paid Attendance, states that “for purposes of computing paid attendance figures, tickets must be sold for at least one-third of the highest regular established ticket price as established prior to the season, regardless of whether they are used for admission. Tickets sold at less than one-third of the highest regular established price may be counted as paid attendance only if they are used for admission.” The NCAA interpretations of this Bylaw allow students who pay athletic fees to be included in the paid attendance counts if they attend the event.

NCAA Bylaw 20.9.7.3.1.2.1 Student Attendance, states that “student attendance must be verified through one of the following methods:

- (a) Such students are issued tickets that are collected on admission to the game and retained;
- (b) Such students enter through and are counted by a turnstile (which is not used by others in attendance) that is monitored by a representative of the department of athletics who verifies in writing the accuracy of the count on a per-game basis; or
- (c) Such students enter through a gate (which is not used by others in attendance) at which a representative of the department of athletics counts them individually with a manual counter, and the representative provides a written statement verifying the accuracy of the count on a per-game basis.”

NCAA Bylaw 20.9.7.3.1.2.1.1 Noncounted Students, states that “student-athletes and cheerleaders scheduled by the institution to be at the game and students performing services at the stadium (e.g., concessionaries, ticket takers, parking-lot attendants, ushers, groundskeepers) shall not be counted toward meeting the attendance requirements.”

NCAA Bylaw 20.9.7.3.2 Certified Audit, states that “in meeting the football-attendance requirements of the Football Bowl Subdivision, an institution must undertake an annual certified audit verifying its football attendance.”

**OBJECTIVE:**

The objective of our review was to certify attendance for each home football game as required by NCAA Bylaws.



**SCOPE OF WORK:**

We reviewed the 2009-10 NCAA Bylaw 20.9.7.3, Football–Attendance Requirements, and interviewed management personnel of the Department of Athletics and worked with the contracted event personnel during the games. We also performed other audit procedures as necessary.

**RESULTS:**

The table below details paid attendance (as defined by NCAA Bylaws and interpretations) at home games for the 2009 season. The table is a summary of the calculation for paid attendance certified by the Athletics Department and the Internal Auditing Department.

2009 Houston Cougar Football Home Game Season

<u>Date</u>	<u>Opponent</u>	<u>Paid Attendance</u>
9/5/09	Northwestern State	17,189
9/26/09	Texas Tech	26,008
10/24/09	SMU	23,445
11/31/09	Southern Miss	14,910
11/21/09	Memphis	18,237
11/28/09	Rice	24,298
Average Home Game Attendance:		<u>20,681</u>

**CONCLUSION:**

In our opinion, the average paid attendance for the 2009 Houston Cougar football home game season calculated using the terms and conditions stipulated by the NCAA exceeds the minimum attendance requirements (15,000 per game average).

---

Don F. Guyton  
Chief Audit Executive  
December 17, 2009

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON–CLEAR LAKE

SCHOOL OF BUSINESS  
DEPARTMENTAL REVIEW

REPORT NO. AR2010-13

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON - CLEAR LAKE  
SCHOOL OF BUSINESS  
DEPARTMENTAL REVIEW**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed one departmental review in the School of Business. 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 School was not in compliance with certain policies. Management developed action plans to help ensure compliance with university policies in these areas. The action items are included in the internal audit follow-up database.

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

- Compliance Matrix
- Action Plan
- College Background
- Financial Summary of Transactions

---

Don F. Guyton  
Chief Audit Executive  
December 8, 2009

**University of Houston System  
Internal Auditing Department**

**University of Houston - Clear Lake  
School of Business  
Departmental Review**

<b>Compliance Area</b>	
Management Oversight	✓
Operational Activities	(1)
Policies, Procedures, Required Training, And Reporting	✓
Cost Center Management	✓
Payroll	✓
Human Resources	(1)
Change Funds And Cash Receipts	(1)
Procurement And Travel Cards	(2)
Departmental Expenses	✓
Contract Administration	✓
Property Management	✓
Departmental Computing	(1)
Scholarships	(1)
Incidental And Lab Fees	✓
Research	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  
School of Business  
Background Information**

We performed a review of the Dean of the School of Business at the University of Houston - Clear Lake to assess his effectiveness in performing his financial and administrative responsibilities.

**The Dean provided the following background:**

The School of Business has the stated mission to provide a collaborative and challenging learning environment focused on effective teaching, relevant business related research, and community service. Our business programs are designed to be responsive to the educational needs and professional aspirations of both undergraduate and graduate students.

The faculty of the School of Business has adopted a student-focused philosophy intended to ensure that undergraduate and graduate business students participate in an educational experience which:

- Instills an appreciation of high ethical standards,
- Develops the cognitive and technological abilities necessary to compete in a rapidly changing global environment, and
- Prepares graduates for professional and personal success.

To accomplish its mission and fulfill its student-focused philosophy, the School of Business seeks to maintain:

- Shared vision and leadership across the faculty,
- Continued emphasis on excellence in teaching,
- Business programs based upon relevant and current curriculum,
- Technological content appropriate to support the business programs, and
- Strategic alliances with the both the public and private sectors.

**Budget/Financial Summary:**

During fiscal year 2010, with a faculty of 67 FTE and a staff of 28 FTE, the School administered 71 cost centers with an overall operating M&O budget of \$9.6 million.

The following table presents the fund balance reconciliation for the School for FY 2009:

Beginning Fund Balance (9/1/09)	\$ 1,326,889
Revenues	1,961,031
Expenditures	(9,597,757)
Transfers/Other	7,642,108
Ending Balance (8/31/09)	<u><u>\$ 1,332,271</u></u>

UNIVERSITY OF HOUSTON - CLEAR LAKE  
SCHOOL OF BUSINESS  
SUMMARY OF REVENUES AND EXPENDITURES

<u>Account</u>	<u>Description</u>	<u>FY 2009</u>	<u>FY 2008</u>
<u>Revenue</u>			
40300-40499	Designated Tuition	\$ (804,763)	\$ (761,238)
40700-40999	Other Fees	(490,239)	(469,161)
55500-55999;56700-57999	Waivers & Expenses	20,981	25,823
41900-42099	Federal Pass Through Grants/Contracts	0	(13,624)
42700-43199; 44400-44428; 44440	Private Gifts, Grants and Cont	(30,746)	(28,505)
43300-43499	Other Investment Income	(191)	(527)
43500-43599	Endowment Income Distribution	(32,483)	(106,840)
43600-43630; 43634-43999	Sales & Services - E & G	(623,591)	(604,290)
Total Revenue		<u>\$ (1,961,031)</u>	<u>\$ (1,958,362)</u>
<u>Cost of Goods Sold</u>			
50000-50049	Cost of Goods Sold	\$ 0	\$ 0
Total Cost of Goods Sold		<u>\$ 0</u>	<u>\$ 0</u>
<u>Payroll</u>			
50100-50999	Salaries & Wages	\$ 8,328,370	\$ 8,122,932
51000-51399	Fringe Benefits	190,299	169,935
Total Payroll		<u>\$ 8,518,668</u>	<u>\$ 8,292,867</u>
<u>M &amp; O</u>			
52200-52399	General Services	\$ 33,098	\$ 43,909
52400-52499	Academic Service	129,517	104,885
52500-52599	Printing, Copying, & Reproduction	63,607	65,930
52800-52999	Communication & Transportation	160,979	171,000
53000-53499	Advertising Promotion & Public	8,746	8,966
53500-53599	Rental Lease & Royalties	97,992	88,070
53700-53799	Routine Repair	4,031	5,983
53850-53899	Contracting Services	18,059	85,570
53900-53999	General Supplies	237,426	262,333
54200-54299	Construction Expenses	1,115	0
54300-54349	Facilities & Ground Support	0	250
54350-54449	Parts & Furnishing	92,219	93,211
54700-54799	Financial Tax & License Cost	6,955	4,719
54800-54899	Other Recurring Expenses	81,007	93,526
54900-54999	Employee Expenses	41,453	38,829
55000-55199	Special Program & Events	0	593
55300-55499	Financial Aid	0	14,655
56000-56499	Travel	102,886	84,258
56500-56599	Contracts & Grants	0	3,682
Total M&O		<u>\$ 1,079,088</u>	<u>\$ 1,170,367</u>
<u>Capital Outlay</u>			
58000-58999	Capital Outlay	\$ 0	\$ 340
Total Capital Outlay		<u>\$ 0</u>	<u>\$ 340</u>
Total Cost of Goods Sold, Payroll, M&O and Capital Outlay		<u>\$ 9,597,757</u>	<u>\$ 9,463,574</u>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON–CLEAR LAKE

SCHOOL OF SCIENCE & COMPUTER  
ENGINEERING  
DEPARTMENTAL REVIEW

REPORT NO. AR2010-14

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON – CLEAR LAKE  
SCHOOL OF SCIENCE AND COMPUTER ENGINEERING  
DEPARTMENTAL REVIEW**

The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. We performed one departmental review in the School of Science and Computer Engineering. 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 School was not in compliance with certain policies. Management developed action plans to help ensure compliance with university policies in these areas. The action items are included in the internal audit follow-up database.

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

- Compliance Matrix
- Action Plan
- College Background
- Financial Summary of Transactions

---

Don F. Guyton  
Chief Audit Executive  
December 2, 2009



**University of Houston System  
Internal Auditing Department**

**University of Houston – Clear Lake  
School of Science and Computer Engineering  
Departmental Review**

<b>Compliance Area</b>	
Management Oversight	✓
Operational Activities	✓
Policies, Procedures, Required Training, And Reporting	✓
Cost Center Management	✓
Payroll	✓
Human Resources	✓
Change Funds And Cash Receipts	(1)
Procurement And Travel Cards	✓
Departmental Expenses	✓
Contract Administration	✓
Property Management	✓
Departmental Computing	(1)
Scholarships	(1)
Incidental And Lab Fees	✓
Research	(1)

- ✓ **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  
School of Science and Computer Engineering  
Background Information**

We performed a review of the Dean of the School of Science and Computer Engineering at the University of Houston – Clear Lake to assess his effectiveness in performing his financial and administrative responsibilities.

**The Dean provided the following background:**

The School of Science and Computer Engineering offers high quality academic degrees consistent with the role of a regional public university. Plans within the school prepare graduates to enter fields in natural sciences, mathematics, computing and computer and software engineering. Individuals in the school's plans are expected to develop skills in problem solving, independent study and critical thinking, and to be able to adapt knowledge to new situations and to the benefit of society. Students in these plans attain a sense of professional values and ethics as well as knowledge and skills relevant to their specific subject area. This sense of professional responsibility is essential if society is to benefit from the interfaces with advanced technology and science.

The School supports research and development directed toward producing new knowledge and identifying additional applications of existing knowledge. Dissemination of scientific knowledge through publication and presentations is encouraged, as well as professional service to local, regional, national and international communities. Faculty of the school aspires to a professional model that includes balance among the components of the mission: teaching, research and service.

The Chair of Computing and Mathematics Division coordinates the plans in, Computer Information Systems, Computer Science, Mathematical Sciences, and Statistics. The undergraduate program in Computer Information Systems and Computer Science is accredited by the Accreditation Board for Engineering and Technology, Inc. (ABET).

The Chair of Engineering Division coordinates Computer Engineering, Systems Engineering, and Engineering Management. The undergraduate program in Computer Engineering is accredited by ABET.

The Chair of Natural Sciences coordinates the plans in Biological Sciences, Chemistry, Biotechnology, Environmental Science, Physics and Physical Sciences. The specialty programs in Safety and Industrial Hygiene are accredited by ABET. Chemistry program is accredited by American Chemical Society.

**Budget/Financial Summary:**

During fiscal year 2010, with a faculty of 52.5 FTE and a staff of 18 FTE, the School administered 118 cost centers with an overall operating budget of \$ 6.5 million.

The following table presents the fund balance reconciliation for the School for FY 2009:

Beginning Fund Balance (9/1/08)	\$ 722,201
Revenues	733,678
Expenditures	(6,817,641)
Transfers/Other	<u>6,050,664</u>
Ending Balance (8/31/09)	<u>\$ 688,902</u>

UNIVERSITY OF HOUSTON - CLEAR LAKE  
SCHOOL OF SCIENCE AND COMPUTER ENGINEERING  
SUMMARY OF REVENUES AND EXPENDITURES

<u>Account</u>	<u>Description</u>	<u>FY 2009</u>	<u>FY 2008</u>
<u>Revenue</u>			
40700-40999	Other Fees	\$ (173,922)	\$ (153,689)
55500-55999;56700-57999	Waivers & Expenses	1,390	2,040
41600-41899	Federal Grants & Contracts	(325,287)	(332,759)
41900-42099	Federal Pass Through Grants/Contracts	(72,733)	(148,570)
42100-42299	State Grants & Contracts	(11,660)	(808)
42300-42499	State Pass Through - Other State Agencies	3	0
42500-42699	Local Grants & Contracts	(1,130)	(375)
42700-43199; 44400-44428; 44440	Private Gifts, Grants and Cont	(121,954)	(139,423)
43300-43499	Other Investment Income	(365)	(1,352)
43500-43599	Endowment Income Distribution	(10,565)	(45,437)
44429-44439; 44441-45999; 49504	Other Revenue Sources	(17,455)	(21,695)
50050-50099	Recovered Costs	0	131
Total Revenue		<u>\$ (733,678)</u>	<u>\$ (841,936)</u>
<u>Cost of Goods Sold</u>			
50000-50049	Cost of Goods Sold	\$ 0	\$ 0
Total Cost of Goods Sold		<u>\$ 0</u>	<u>\$ 0</u>
<u>Payroll</u>			
50100-50999	Salaries & Wages	\$ 5,700,896	\$ 5,628,542
51000-51399	Fringe Benefits	23,558	29,886
Total Payroll		<u>\$ 5,724,454</u>	<u>\$ 5,658,428</u>
<u>M &amp; O</u>			
52000-52199	Professional Services	\$ 500	\$ 4,258
52200-52399	General Services	1,587	5,959
52500-52599	Printing, Copying, & Reproduction	2,282	2,033
52600-52799	Utilities & Sanitation	2,550	1,586
52800-52999	Communication & Transportation	57,007	60,882
53000-53499	Advertising Promotion & Public	2,631	10,184
53500-53599	Rental Lease & Royalties	23,587	22,375
53700-53799	Routine Repair	56,900	36,501
53850-53899	Contracting Services	87,797	57,484
53900-53999	General Supplies	150,755	146,747
54000-54099	Lab Research Supplies	40,757	34,265
54100-54199	Health & Clinical Support	2,497	2,988
54200-54299	Construction Expenses	125	1,063
54300-54349	Facilities & Ground Support	5,223	1,550
54350-54449	Parts & Furnishing	209,424	268,011
54700-54799	Financial Tax & License Cost	312	3,708
54800-54899	Other Recurring Expenses	1,399	5,389
54900-54999	Employee Expenses	13,590	17,156
55000-55199	Special Program & Events	2,607	2,074
55300-55499	Financial Aid	57,314	133,256
56000-56499	Travel	78,097	77,977
56500-56599	Contracts & Grants	39,502	31,522
Total M&O		<u>\$ 836,443</u>	<u>\$ 926,965</u>
<u>Capital Outlay</u>			
58000-58999	Capital Outlay	\$ 256,744	\$ 10,881
Total Capital Outlay		<u>\$ 256,744</u>	<u>\$ 10,881</u>
Total Cost of Goods Sold, Payroll, M&O and Capital Outlay		<u>\$ 6,817,641</u>	<u>\$ 6,596,274</u>

UNIVERSITY OF HOUSTON SYSTEM

INTERNAL AUDIT REPORT

UNIVERSITY OF HOUSTON–DOWNTOWN

COLLEGE OF SCIENCES & TECHNOLOGY  
ENGINEERING TECHNOLOGY  
DEPARTMENTAL REVIEW – FOLLOW-UP

REPORT NO. AR2010-15

**UNIVERSITY OF HOUSTON SYSTEM  
INTERNAL AUDITING DEPARTMENT**

**UNIVERSITY OF HOUSTON - DOWNTOWN  
COLLEGE OF SCIENCES AND TECHNOLOGY  
ENGINEERING TECHNOLOGY, DEPARTMENTAL REVIEW  
FOLLOW-UP**

We performed a review of the Dean of the College of Sciences and Technology at the University of Houston – Downtown during FY 2009 and determined that reoccurring administrative and financial tasks were not being completed timely in the Engineering Technology Department. As a result, we did not complete the departmental review of the Engineering Technology department at that time. We scheduled a follow-up review for the department during FY 2010. The objective of the Departmental Review is to determine whether departments are conducting financial and administrative activities in compliance with university policies. 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 department was not in compliance with certain policies. Management developed action plans to help ensure compliance with university policies in this area. The action item is included in the internal audit follow-up database.

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

- Compliance Matrix
- Action Plan
- College Background
- Financial Summary of Transactions

---

Don F. Guyton  
Chief Audit Executive  
December 9, 2009

**University of Houston System  
Internal Auditing Department**

**University of Houston - Downtown  
College of Sciences and Technology  
Engineering Technology, Departmental Review  
Follow-Up**

<b>Compliance Area</b>	
Management Oversight	N/A
Operational Activities	N/A
Policies, Procedures, Required Training, And Reporting	(1)
Cost Center Management	✓
Payroll	✓
Human Resources	✓
Change Funds And Cash Receipts	N/A
Procurement And Travel Cards	✓
Departmental Expenses	✓
Contract Administration	N/A
Property Management	✓
Departmental Computing	✓
Scholarships	N/A
Incidental And Lab Fees	✓
Research	✓

- ✓ 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  
College of Sciences and Technology  
Engineering Technology, Departmental Review  
Follow-up  
Background Information**

We performed a review of the Dean of the College of Sciences and Technology at the University of Houston – Downtown during FY 2009 and determined that reoccurring administrative and financial tasks were not being completed timely in the Engineering Technology Department. As a result, we did not complete the departmental review of the Engineering Technology department at that time. We scheduled a follow-up review for the department during FY 2010.

**The Dean provided the following background:**

The Engineering Technology Department strives to provide high quality engineering technology degree programs and unique curricula for students from diverse social, educational, and ethnic backgrounds. The Department is committed to maintaining an educational environment where students can significantly enhance their academic standing, computer application experience, problem-solving, communications and team-working skills. The students are trained to become successful individuals with a strong sense of professionalism, socially responsible, and professionally competitiveness. Engineering Technology curricula reflect the demands and requirements of industries and businesses in the Great Houston Area. The close partnership forged between the Department and local industries ensures our academic programs are up-to-date. Such a partnership also enhances graduate placement opportunities.

Our academic programs include solid foundation courses in basic sciences, mathematics, and applied engineering together with a strong emphasis on computer applications. Courses in PC Applications in Engineering Analysis of Engineering Networks and Engineering Ethics are included in the curriculum of all Engineering Technology majors to promote the philosophy of productivity and efficiency. Design-oriented semester projects embedded in technological courses provide students ample opportunities to gain practical experience in preparation to become productive engineering technologist upon graduation.

The following BS (Bachelor of Science in Engineering Technology) TAC/ABET accredited programs are offered:

- Control and Instrumentation Engineering Technology (Formerly known as Control and Instrumentation Electronics Design Option in Engineering Technology)
- Fire Protection Engineering Technology Option in Engineering Technology (formerly known as Safety and Fire Engineering Technology Option in Engineering Technology)



- Structural Analysis and Design Option in Engineering Technology.
- Also, the BAAS (Bachelor in Applied Arts and Sciences) in Safety Management is offered.

The department had 141 student declared majors in fall 2008 with many other students in the process of being classified as engineering technology majors. The department includes 7 faculty members with 86% holding the terminal PhD degree and having extensive industrial experience.

**Budget/Financial Summary:**

During fiscal year 2010, with a faculty of 7 FTE and a staff of 2 FTE, the department administered 8 cost centers with an overall operating M&O budget of \$42,414.

The following table presents the fund balance reconciliation for the department for FY 2009:

Beginning Fund Balance (9/1/08)	\$ 14,615
Revenues	8,424
Expenditures	(634,977)
Transfers/Other	650,258
Ending Balance (8/31/09)	<u>\$ 38,320</u>

UNIVERSITY OF HOUSTON - DOWNTOWN  
COLLEGE OF SCIENCES AND TECHNOLOGY  
ENGINEERING TECHNOLOGY  
SUMMARY OF REVENUES AND EXPENDITURES

<u>Account</u>	<u>Description</u>	<u>FY 2009</u>	<u>FY 2008</u>
<u>Revenue</u>			
41600-41899	Federal Grants & Contracts	\$ (2,535)	\$ 0
43500-43599	Endowment Income Distribution	(5,889)	(7,322)
Total Revenue		<u>\$ (8,424)</u>	<u>\$ (7,322)</u>
<u>Cost of Goods Sold</u>			
50000-50049	Cost of Goods Sold	\$ 0	\$ 0
Total Cost of Goods Sold		<u>\$ 0</u>	<u>\$ 0</u>
<u>Payroll</u>			
50100-50999	Salaries & Wages	\$ 600,793	\$ 608,500
51000-51399	Fringe Benefits	772	12,207
Total Payroll		<u>\$ 601,565</u>	<u>\$ 620,706</u>
<u>M &amp; O</u>			
52200-52399	General Services	\$ 2,041	\$ 64
52500-52599	Printing, Copying, & Reproduction	20	341
52800-52999	Communication & Transportation	372	29
53000-53499	Advertising Promotion & Public	715	0
53500-53599	Rental Lease & Royalties	1,972	1,395
53700-53799	Routine Repair	461	0
53850-53899	Contracting Services	84	42
53900-53999	General Supplies	8,006	11,998
54000-54099	Lab Research Supplies	3,140	3,765
54200-54299	Construction Expenses	0	390
54350-54449	Parts & Furnishing	10,434	3,584
54700-54799	Financial Tax & License Cost	64	0
54800-54899	Other Recurring Expenses	994	894
54900-54999	Employee Expenses	1,633	1,574
55000-55199	Special Program & Events	1,995	1,377
56000-56499	Travel	1,481	3,372
Total M&O		<u>\$ 33,412</u>	<u>\$ 28,826</u>
<u>Capital Outlay</u>			
58000-58999	Capital Outlay	\$ 0	\$ 0
Total Capital Outlay		<u>\$ 0</u>	<u>\$ 0</u>
Total Cost of Goods Sold, Payroll, M&O and Capital Outlay		<u>\$ 634,977</u>	<u>\$ 649,533</u>

UNIVERSITY OF HOUSTON SYSTEM  
BOARD OF REGENTS AGENDA

COMMITTEE: Audit & Compliance

ITEM: Board of Regents' Internal Audit and Institutional Compliance Policies

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit Committee Planner, item number 3.03, requires an annual review of the Board of Regents' policies on Internal Audit and Institutional Compliance.

FISCAL NOTE:

SUPPORTING DOCUMENTATION: Board of Regents' Internal Audit and Institutional Compliance Policies

ACTION REQUESTED: Information

COMPONENT: University of Houston System

CHIEF AUDIT EXECUTIVE

*Don F. Guyton*

Don F. Guyton

DATE

*1/22/10*

CHANCELLOR PRESIDENT

*Renu Khator*

Renu Khator

DATE

*2/2/10*

**Board of Regents**  
**Internal Audit and Institutional Compliance Policies**  
**February 10, 2010**

**41 AUDIT AND COMPLIANCE**

**41.01 Internal Auditing**

To develop a framework for the implementation of the internal audit function within the system, and to define the scope of the internal audit function as an effective management tool for use by the chancellor and the board in evaluating the system's fiscal integrity and compliance with the Texas Internal Auditing Act, Texas Government Code, Section 2102, applicable state and federal laws and with approved board policies, the board adopts the following policy:

**41.01.1 Philosophy**

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

**41.01.2 Organizational Responsibility**

- A. The chief audit executive will report directly to the chair of the Audit and Compliance Committee of the board, and have access to the chancellor.
- B. The board is responsible for the employment and dismissal of the chief audit executive; however, the chancellor has the authority to make recommendations to the board on the employment and dismissal of the chief audit executive.
- C. The Department of Internal Auditing will perform its duties in accordance with the Standards for the Professional Practice of Internal Auditing and the Code of Professional Ethics, as established by the Institute of Internal Auditors.

### **41.01.3 The Internal Auditing Process**

- A. In August of each year, the Department of Internal Auditing will present to the Audit and Compliance Committee a long-range audit plan and an annual audit plan for the Board's review and approval.
- B. The chief audit executive will meet with the chancellor on a regular basis to review audits performed, audits in progress, and future audits.
- C. Internal Audit reports will be distributed to the chancellor, members of the Board of Regents, the State Auditor, the Governor's Office of Planning and Budgeting, the Legislative Budget Board and the Sunset Advisory Commission, as required by the Texas Government Code, Section 2102.

### **41.01.4 Objectives**

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

- A. **Risk Management:** Internal audit activity will assist the system by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.
- B. **Control:** Internal audit activity will assist the system in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.
- C. **Governance:** Internal audit activity will contribute to the system's governance process by evaluating and improving the process through which (1) values and goals are established and communicated, (2) the accomplishment of goals is monitored, (3) accountability is ensured, and (4) values are preserved.
- D. The internal audit activity will evaluate risk exposures and adequacy and effectiveness of controls relating to the system's governance, operations and information systems regarding the:
  - Reliability and integrity of financial and operational information
  - Effectiveness and efficiency of operations
  - Safeguarding of assets
  - Compliance with laws, regulations, and contract
- E. The Internal Audit Department will coordinate audit efforts with those of external CPA firms and the State Auditor's Office. (2/10/09)

## **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. 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 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. *(02/10/09)*

#### **42.02 Identity Theft Prevention Program**

The Chancellor, as Chief Executive Officer of the System, is responsible for ensuring the implementation of an identity theft prevention program which adheres to the Federal Trade Commission's Red Flag Rule under sections 114 and 315 of the Federal Fair and Accurate Credit Transactions Act. At least annually, the System-wide compliance officer prepares an executive summary of all activities of the Identity Theft Prevention Programs of the component institutions. *(2/10/09)*

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

**COMMITTEE:**        Audit & Compliance

**ITEM:**                Certification of Annual Financial Statements

**DATE PREVIOUSLY SUBMITTED:**

**SUMMARY:**


The Audit Committee Planner, item number 3.13, requires that 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.

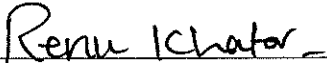
**FISCAL NOTE:**

**SUPPORTING DOCUMENTATION:**        Financial Statements Certification Letters – FY 2009 (all components)

**ACTION REQUESTED:**                Information

**COMPONENT:**                        University of Houston System

<hr/>		<u>1/22/10</u>
<b>CHIEF AUDIT EXECUTIVE</b>	Don F. Guyton	<b>DATE</b>

<hr/>		<u>2/2/10</u>
<b>CHANCELLOR PRESIDENT</b>	Renu Khator	<b>DATE</b>

## Financial Certification Process

- UH-Clear Lake, UH-Downtown, and UH-Victoria Chief Accounting Officers, Chief Financial Officers, and Presidents certified that the financial reports for their campus are true and correct to the best of their knowledge.
- University of Houston and UH System Administration administrators and unit heads representing 143 departments completed the FY09 Department Fraud Risk Survey, which included questions about verifying cost center transactions, reporting instances of fraud and non-compliance, and other internal controls. According to the survey results, internal controls are adequate to ensure that the financial transactions created for FY09 by UH/UHSA departments are true and correct.
- Mike Glisson (Executive Director of Finance), David Ellis (Executive Director of Financial Reporting), Tom Ehardt (Interim Associate VC/VP of Finance), Carl Carlucci (Executive VC/VP of Administration and Finance), and Renu Khator (Chancellor/President) signed the Certification Letter for UH, UHSA, and UH System Consolidated based on:
  - Department surveys, which indicate internal controls are adequate within UH and UHSA departments to ensure correct financial transactions.
  - Certifications signed by UHCL, UHD, and UHV representatives.
  - Their knowledge and review of the FY09 Annual Financial Report for UH, UHSA, and UH System Consolidated.
- The certification letters are presented at the February Board of Regents meeting.



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

January 4, 2010

Mr. Jacob M. Monty  
Chair, Audit and Compliance Committee  
UH System Board of Regents  
128 E. Cullen  
Houston, TX 77204-6001

Pursuant to the UH System Board of Regents Audit Committee Charter and Checklist, the following representations are presented in connection with the preparation of financial statements and footnote information for the University of Houston, UH System Administration, and UH System as a whole for the period ended August 31, 2009.

## Management Representations Related to Financial Statements

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

1. To the best of my knowledge, the financial statements and footnote information are fairly presented in conformity with generally accepted accounting principles except where the State Comptroller's reporting requirements have instructed us to deviate.
2. University management is responsible for compliance with the state and federal laws and regulations, the State Comptroller's reporting requirements, and the University of Houston System reporting guidelines communicated by the Office of the Executive Vice Chancellor for Administration and Finance or designee.
3. University management is responsible for establishing and maintaining internal controls over financial reporting. Internal Control is a process, effected by the Board of Regents, administration and management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.
4. To the best of my knowledge, all significant deficiencies in the design or operation of internal controls over financial reporting which could adversely affect UH System's ability to record, process, summarize, and report financial data and any material weaknesses in internal controls that have been identified for UH System have been appropriately reported and addressed.

5. To the best of my knowledge, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices other than those reported to the Office of the Executive Vice Chancellor for Administration and Finance in writing (if any).
6. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
7. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the University of Houston, UH System Administration, and UH System consolidated of, and for, the periods presented in this report (Materiality is defined as a  $\pm 5\%$  or greater error on revenues, expenses, assets, liabilities, or net assets.);
8. To the best of my knowledge, there are no unasserted claims or assessments that the Office of General Counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies other than those reported to the Office of the Executive Vice Chancellor for Administration and Finance in writing (if any).
9. To the best of my knowledge, there has been no –
  - a. Fraud, whether or not material, involving management or employees who have significant roles in internal control, that has not been appropriately reported and addressed; or
  - b. Fraud involving others that could have a material effect on the financial statements other than those reported to the Office of the Executive Vice Chancellor for Administration and Finance in writing (if any).
10. To the best of my knowledge, from August 31, 2009 through the date of this letter, there have been no subsequent events that have had or may have a material effect on the financial position or the revenues, expenses, and other changes in net assets as shown in the aforementioned financial statements.

*Michael J. Glisson*

Mr. Mike Glisson

Executive Director of Finance,  
University of Houston

*1/4/10*

Date

*David J. Ellis*

Mr. David Ellis

Executive Director of Financial  
Reporting, University of Houston

*1-4-2010*

Date



Mr. Tom Ehardt

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

1/4/2010

Date

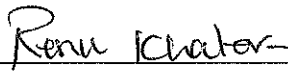


Dr. Carl Carlucci

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

1/11/10

Date



Dr. Renu Khator

Chancellor, UH System  
President, University of Houston

1/12/10

Date

# UH Clear Lake Certification Letter

December 7, 2009

Mr. Jacob M. Monty  
Chair, Audit and Compliance Committee  
UH System Board of Regents  
128 E. Cullen  
Houston, TX 77204-6001

Pursuant to the UH System Board of Regents Audit Committee Charter and Checklist, the following representations are presented in connection with the preparation of the UH Clear Lake's financial statements and footnote information for the period ended August 31, 2009.

## Management Representations Related to Financial Statements

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

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

6. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
7. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of UH Clear Lake as of, and for, the periods presented in this report (Materiality is defined as a  $\pm 5\%$  or greater error on revenues, expenses, assets, liabilities, or net assets.);
8. To the best of my knowledge, there are no unasserted claims or assessments that the Office of General Counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies other than those reported to the Office of the Vice Chancellor for Administration and Finance in writing (if any).
9. To the best of my knowledge, there has been no –
  - a. Fraud, whether or not material, involving management or employees who have significant roles in internal control, that has not been appropriately reported and addressed; or
  - b. Fraud involving others that could have a material effect on the financial statements other than those reported to the Office of the Vice Chancellor for Administration and Finance in writing (if any).
10. To the best of my knowledge, from August 31, 2009 through the date of this letter, there have been no subsequent events that have had or may have a material effect on the financial position or the revenues, expenses, and other changes in net assets as shown in the aforementioned financial statements

John F Cordary

Mr. John Cordary

\_\_\_\_\_  
Associate Vice President of Finance,  
UH Clear Lake

12/8/09

Date

Michelle Dotter

Ms. Michelle Dotter

\_\_\_\_\_  
Vice President of Administration and  
Finance, UH Clear Lake

12/8/09

Date

William A. Staples

Dr. William Staples

\_\_\_\_\_  
President, UH Clear Lake

12/9/09

Date

# UH Downtown Certification Letter

December 9, 2009

Mr. Jacob M. Monty  
Chair, Audit and Compliance Committee  
UH System Board of Regents  
128 E. Cullen  
Houston, TX 77204-6001

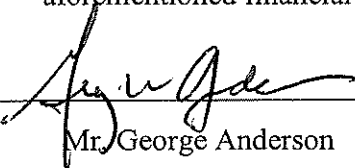
Pursuant to the UH System Board of Regents Audit Committee Charter and Checklist, the following representations are presented in connection with the preparation of UH Downtown's financial statements and footnote information for the period ended August 31, 2009.

## Management Representations Related to Financial Statements

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

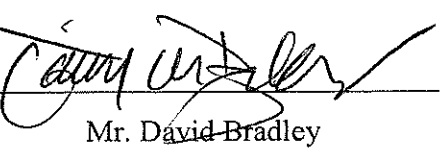
1. To the best of my knowledge, the financial statements and footnote information are fairly presented in conformity with generally accepted accounting principles except where the State Comptroller's reporting requirements have instructed us to deviate.
2. University management is responsible for compliance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

6. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
7. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of UH Downtown as of, and for, the periods presented in this report (Materiality is defined as a  $\pm 5\%$  or greater error on revenues, expenses, assets, liabilities, or net assets.);
8. To the best of my knowledge, there are no unasserted claims or assessments that the Office of General Counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies other than those reported to the Office of the Vice Chancellor for Administration and Finance in writing (if any).
9. To the best of my knowledge, there has been no –
  - a. Fraud, whether or not material, involving management or employees who have significant roles in internal control, that has not been appropriately reported and addressed; or
  - b. Fraud involving others that could have a material effect on the financial statements other than those reported to the Office of the Vice Chancellor for Administration and Finance in writing (if any).
10. To the best of my knowledge, from August 31, 2009 through the date of this letter, there have been no subsequent events that have had or may have a material effect on the financial position or the revenues, expenses, and other changes in net assets as shown in the aforementioned financial statements

  
 \_\_\_\_\_  
 Mr. George Anderson

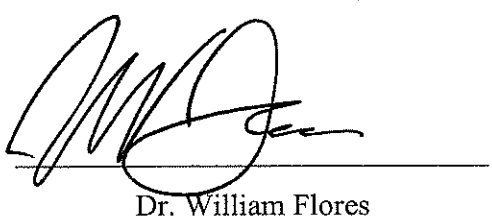
\_\_\_\_\_  
 Assistant Vice President of Business  
 Affairs, UH Downtown

12/9/09  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Mr. David Bradley

\_\_\_\_\_  
 Vice President of Administration and  
 Finance, UH Downtown

12/9/09  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Dr. William Flores

\_\_\_\_\_  
 President, UH Downtown

12/14/09  
 \_\_\_\_\_  
 Date

# University of Houston-Victoria Certification Letter

December 22, 2009

Mr. Jacob M. Monty  
Chair, Audit and Compliance Committee  
UH System Board of Regents  
128 E. Cullen  
Houston, TX 77204-6001

Pursuant to the UH System Board of Regents Audit Committee Charter and Checklist, the following representations are presented in connection with the preparation of the University of Houston-Victoria's (UHV) financial statements and footnote information for the period ended August 31, 2009.

## **Management Representations Related to Financial Statements**

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

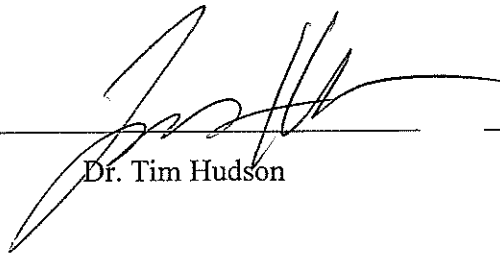
1. To the best of my knowledge, the financial statements and footnote information are fairly presented in conformity with generally accepted accounting principles except where the State Comptroller's reporting requirements have instructed us to deviate.
2. University management is responsible for compliance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



6. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
7. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of UHV as of, and for, the periods presented in this report (Materiality is defined as a  $\pm 5\%$  or greater error on revenues, expenses, assets, liabilities, or net assets.);
8. To the best of my knowledge, there are no unasserted claims or assessments that the Office of General Counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies other than those reported to the Office of the Vice Chancellor for Administration and Finance in writing (if any).
9. To the best of my knowledge, there has been no –
  - a. Fraud, whether or not material, involving management or employees who have significant roles in internal control, that has not been appropriately reported and addressed; or
  - b. Fraud involving others that could have a material effect on the financial statements other than those reported to the Office of the Vice Chancellor for Administration and Finance in writing (if any).
10. To the best of my knowledge, from August 31, 2009 through the date of this letter, there have been no subsequent events that have had or may have a material effect on the financial position or the revenues, expenses, and other changes in net assets as shown in the aforementioned financial statements

<i>Val Walden</i>		12-22-09
Ms. Val Walden	Comptroller University of Houston-Victoria	Date

<i>Wayne B. Beran</i>		12-22-09
Mr. Wayne B. Beran	Vice President for Administration and Finance University of Houston-Victoria	Date

		12/22/09
Dr. Tim Hudson	President University of Houston-Victoria	Date